





# It's time for a change . . . for Labour

by Colin James

ONE of my recurring nightmares is that the Labour Party will get into power in its present condition.

A one-term Government of Mick Connellys, Ron Baileys and Mat Ratas, "led" by Bill and Bob, with Richard Prebble letting off crackers and Roger Douglas dreaming up new leas in the broom cupboard is a dismaying thought.

The first need in a Government of the 1980s will be coherence.

That implies broad agreement on the shape of society to be, on the measures to be pursued to achieve it and on tactics.

It also implies an intelligent, strong public image.

The Kirk Labour Party had that, largely because Norman Kirk was the Labour Party. He stood for a decent opportunity for the small guy to live a decent life. That basic presumption underlay his

attitude to all issues — housing, for example, industrial relations, the economy, even international affairs.

As the present leader has said with befitting modesty, there is not a Norman Kirk among them now.

So it has to be a co-operative effort. If the leader has limited vision and inspiration of his own, he could at least co-ordinate and encourage others who do.

The public needs to see a bunch of half a dozen people who:

- Clearly see eye to eye;
- Can exploit their opponents' weaknesses;
- Grasp the essential elements of the major economic and social issues;
- Seem to have some idea of what to do about them.

Instead, the Labour Party right now looks like a shapeless, aimless bunch of windfall harvesters.

On the front two benches, where one would expect the cream of its talent to be displayed, there are gathered people of widely different ages, styles, prejudices, ideologies and energies.

They are in three groups: the out-of-touch, the limited and the immobilised.

In the first group are several men nearing the end of their parliamentary life.

Some have had creditable parliamentary and even ministerial careers. Among them are Mick Connelly, remembered in the Ministry of Works as the first minister in years to take an intelligent interest in its work, and Arthur Faulkner, regarded by his colleagues as someone who could take decisions.

But both now seem more appropriate to the 1960s than the 1980s.



RICHARD PREBBLE



ANN HERCUS



DAVID CAYGILL



FRASER COLMAN

miscast where one would expect the cream of its talent to be displayed, there are gathered people of widely different ages, styles, prejudices, ideologies and energies.

They are in three groups: the out-of-touch, the limited and the immobilised.

In the first group are several men nearing the end of their parliamentary life.

Some have had creditable parliamentary and even ministerial careers. Among them are Mick Connelly, remembered in the Ministry of Works as the first minister in years to take an intelligent interest in its work, and Arthur Faulkner, regarded by his colleagues as someone who could take decisions.

But both now seem more appropriate to the 1960s than the 1980s.

shows the 1980s. Connelly is regarded in the party as an arch-conservative. Faulkner is not remembered kindly for his failure as party president to sort out candidacy tangles in 1977 and 1978.

The second group, includes among others, a number of unimpeachably earnest and conscientious men, such as Fraser Colman in energy and Sir Basil Arthur in agriculture.

But energy calls for the most creative mind Labour has got: a David Lange, or a Bob Tizard (on his day).

Unfortunately Tizard, who can be the most perceptive critic of the Government Labour has, is less often on his day than his numerous critics think necessary.

And Lange has been sidelined in social welfare, a

portfolio he doesn't want. Howling might look at the way National is using lawyers in economic portfolios, with success.

Lange belongs to the third group. So does chief whip Russell Marshall, one of the few who can get under the Prime Minister's skin and the best qualified at the moment for the deputy leadership.

But Marshall is happier doing things than criticising them. Out of office he seems to be contracting Martyr Finlay's political world-view.

Ideas? Who heard of ideas coming out of those two benches? About the only one producing ideas is Roger Douglas, who is operating as his own man, think tank.

Some of his ideas have merit, but I got the impression his colleagues are scared of him because his ideas are sometimes suspect on grounds of practicability or ideology.

With guidance and encouragement he could be valuable. Curiously, both he and the Prime Minister simultaneously came up with the minimum living standard concept. It was urged by Douglas's predecessor, tax man, but left out of the manifesto because it was thought too hard to hone into sellable form in time.

Douglas does not fit into one of the three groups I outlined above.

Nor does Prebble, the miscast justice spokesman who lives both barrels before getting the gun up to his shoulder, whose name is in the headlines most often, who could be a highly effective destroyer if someone gave him the right ammunition and aimed him in the right direction.

That is what a leader is for. Even with an indifferent team, certainly no better than howling his now. Robert Muldoon in opposition in 1975 was able to tear apart the howling Government.

Had Muldoon in opposition been faced with his own Government in the first half of this year, he would have wiped the floor with it.

Deep divisions of attitude and ambition within the parliamentary National Party, made worse by the inflationary after-effects of last year's vote-buying Budget, lightning changes of official policy suggesting Cabinet chaos, the broken promise over national superannuation — marvellous targets.

But in the Opposition wing in Parliament Buildings, instead of the excitement of combat, the predominant atmosphere is one of smug expectation of victory in 1981.

The most positive-feeling block in the buildings is occupied by the sort of MPs who normally are getting jaded and frustrated by now: six

Government backbenchers of 1975 vintage — Waring and Jones, Elworthy — and a few newcomers — Paul Goff, Ian McKelvie, Ian Gray, Ian McKelvie, and Geoff Thompson.

There is a sense of vigour and achievement in their perhaps born of the fact these people, among the few who have contributed to the Government's recovery, equilibrium and new beginnings of a deep ideological direction.

David Caygill is not developing as a probing, intelligent and articulate member and critic.

Ann Hercus is beginning to show her work on the expenditure committee.

Stan Rodger is regarded by some as a sidekick.

The test for Rodger's reported toughness will be, but he will be, as he is reconstructing his party, giving the key politics the people with ability, as they are short parliamentary years.

Given proper support, brighter people are among the party's ranks.

● Cut more sharply the Government's fleet.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

● Develop collection that start from the Government's condition today's condition.

# TAANZ faces cuts in insurance commissions

by Warren Berryman

THE Travel Agents Association of New Zealand (TAANZ) has been told that its members will have to take a cut in the commissions they receive for selling travel insurance.

Individual travel agents now receive 33.3 per cent commission for selling travel insurance.

TAANZ receives a 2½ per cent commission on all travel insurance sold by its members from the insurance companies.

The total commission of nearly 36 per cent is far higher than average commissions for other types of insurance business.

To pay this the insurance companies load 66 per cent on to the premiums paid by the consumer.

The three leaders in travel insurance — Comprehensive, NZI, and Commercial Union —

told the TAANZ executive the commission rate was too high.

The insurance companies were concerned about rising claims costs for travel insurance and possible consumer pressure.

They hinted to TAANZ executives that an investigation of the travel insurance industry by — for example — the Consumer's Institute might make both TAANZ and the insurance companies appear to be acting contrary to the consumer's interests.

This month's issue of Traveltrade put the cat among the pigeons.

Traveltrade detailed the negotiations between the insurance companies and the TAANZ executive — the insurance companies, while not disputing Traveltrade's facts, expressed discomfort that these facts should have been made public.

Commissions to insurance brokers seldom run above 20 per cent.

The travel agent's role in selling travel insurance is similar to that of a broker except that the sums dealt with are smaller.

The work required of the agent is the same regardless of the size of the premium.

An insurance executive has suggested a sliding scale, so a higher rate of commission would be paid on the small and fiddly policies, and a lower rate on the large policies.

The insurance companies generally feel commissions should be cut to 20 or 25 per cent.

Negotiations with TAANZ will resume next month, when TAANZ has its board meeting. Spokesmen from the insurance companies said savings achieved from reduced commissions would not be passed on to the consumer in reduced premiums.

But, claims costs were rising for travel insurance due to such factors as escalating medical costs overseas, increasing number of exaggerated or suspectedly fraudulent claims and airline strikes. The savings therefore would be used to hold future premiums at a lower level.

per cent. The travel agent's role in selling travel insurance is similar to that of a broker except that the sums dealt with are smaller.

The work required of the agent is the same regardless of the size of the premium.

An insurance executive has suggested a sliding scale, so a higher rate of commission would be paid on the small and fiddly policies, and a lower rate on the large policies.

The insurance companies generally feel commissions should be cut to 20 or 25 per cent.

Negotiations with TAANZ will resume next month, when TAANZ has its board meeting. Spokesmen from the insurance companies said savings achieved from reduced commissions would not be passed on to the consumer in reduced premiums.

But, claims costs were rising for travel insurance due to such factors as escalating medical costs overseas, increasing number of exaggerated or suspectedly fraudulent claims and airline strikes. The savings therefore would be used to hold future premiums at a lower level.

The 33.3 per cent commission, or "over ride" paid by the insurance companies to TAANZ cannot be understood in this same commercial sense.

Travel agents do all the work selling the insurance, collecting premiums, and preparing the bordereaux, so why should TAANZ receive anything, NHIH asked the three insurance companies.

Spokesmen from the insurance companies pointed out that TAANZ used this money to provide order and stability in the travel industry. For example, they said that

TAANZ executive director Peter Lowry has cautioned fellow executives on the need for their organisation to appear to be acting in the consumer's best interest — especially now that TAANZ is leading a campaign against the Link Association's travel deals which pass considerable discounts on air travel back to their customers.

It is understood that travel insurance premiums total between \$2 and \$3 million a year. This would bring at least \$50,000 a year into TAANZ coffers — with no obvious direct benefit to the insurance companies.

TAANZ lost a court case to the Commissioner of Inland Revenue earlier this year, when TAANZ was judged to be liable to pay income tax as an earner of assessable income from "outsiders" rather than the "mutual society" TAANZ claimed to be.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

As to the possibility of the Commissioner's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

# Shop union manpower yields to computer

by Mary Varuham

IF THE Canterbury and Westland Shop Employees' Union is anything to go by, the days of trade unions working out of old, dingy offices with bulging file drawers and overflowing card files may be on the way out.

Not only is this union, along with several others, now housed in the semi-sartorial splendour of Christchurch's new Trade Union Centre, it has also this month gone on-line to CBL Holdings' computer system.

Under the new system, all details of the 4500 members will be instantly available on print-out. So too will such information as relevant award clauses and provisions, details of current and past disputes, names and addresses of employers, annual accounts and subs in arrears.

The main saving, says secretary Brian Alderdice, will be in time. Members who call up for progress reports on disputes, queries about wage rates or any other routine business will get the answer in minutes, rather than the hours or days it previously took union staff to wade through the files.

Alderdice also sees a more intensive communication with members. News bulletins and notices of meetings can be typed once into the computer and emerge individually addressed and ready for mailing to all members.

"It used to take us about two weeks to send out new information. Now we can do it in a day."

House ties have been entrusted to Tizard's howling drudges round a country cheering up branches in hopeless and

And Eddie Levey, a man but not a heavy, and in any case, at the end of his career, is promoted to the bench in place of the Bruce Barclay.

That does not augur well for the (possible) 1983 Government being elected from the 1979 Labour position.

But there is a strategy in the national executive who is increasingly audible as president, Jim Anderson.

Perhaps the drudges are the bricks will all fall in place next year.

Perhaps then a drudges reshuffled front bench will begin hounding the Government and carrying the message of Labour hope to the people.

## METROPOLITAN

REAL ESTATE LTD.  
M.R.E.I.N.Z.

UNUSUAL REAL ESTATE REQUIREMENTS

Phone 849-182 Wellington

Page 6  
Good news for  
the out-of-towner

## PERSONAL COLLECTION SERVICES LIMITED

Auckland 31-756  
Wellington 856-032

Specialist Services to Industry

- Debt Collection
- Credit Control
- Credit Reports

How much does laundry cost your business?  
Even if it's only \$1,000 per year,  
OPL can save you at least 35%!  
Think about it.



"It's time someone cut back your laundry cost! That's why we developed the OPL Great Alternative to "outside" laundries."

Ian Moses  
Managing Director  
On Premise Laundries

It's certainly time to question your laundry bill! The OPL "on premise" laundry system helps almost every company to operate more profitably.

For instance, recently the OPL system saved one company \$27,000 by reducing its annual laundry bill by 50%! A smaller company produced a 38% saving with the OPL system. Whatever

the size of your business, chances are an OPL system will save you big money, too.

The OPL laundry package offers:  
• Heavy duty industrial washers and dryers designed especially for OPL.  
• Specially formulated chemicals.  
• The backing of one of New Zealand's leading sales and service organisations.

Major cost saving advantages  
As an alternative to "outside" laundry services, OPL gives you far greater flexibility, plus positive cost-saving advantages. Because with an OPL system, your laundry costs are being reduced to an absolute minimum!

You keep complete control  
Now there's no chance of being charged for the laundering of unused items! OPL means the laundry stays on your premises, so you keep control. And you'll never run short again!

**OPL**  
The Great Alternative

No Ironing needed  
The universal use of cotton/polyester fabrics today eliminates the need to iron bed linen or work garments. It is simply a matter of folding laundry items after the drying cycle to ensure a wrinkle-free finish.

Space is no problem  
An OPL washer and dryer package takes up less space than most office desks. And OPL has the advantage of being easily operated by any member of your existing staff.

Whichever way you look at it, OPL makes sound business sense.

Ian W. Moses  
Managing Director  
On Premise Laundries Ltd  
48 George Street  
P.O. Box 4211, Auckland  
Telephone 888-487

Dear Mr. Moses,  
I would like to know more about how OPL can save money for our business.

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Telephone \_\_\_\_\_

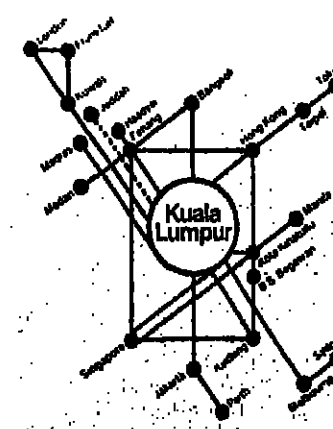
ON PREMISE LAUNDRIES LTD  
Subsidiary Company of Advance Industries Ltd.

## Mas Gives:



A tradition of Golden Service across three continents

In Malaysia, we are taught from an early age that to give of yourself is to truly give. This tradition of generous giving we now carry with us across three continents. In DC10 flights from Tokyo, Hong Kong, Sydney, Melbourne, Kuwait, Frankfurt and London. In a wide network of flights to a greater number of Asian destinations than any other airline. MAS is Malaysia's gift to the travellers of the world, a gift of gold.



**mas**  
Might of Gold  
Malaysian Airline System



## EDITORIAL

THE Government marked the end of Conservation Week by announcing that native timber would be freed from price control — a move which is expected to curb the wasteful use of native timber and ensure that available supplies are reserved for premium use such as furniture.

The conservationists nevertheless continue to fight a hard campaign to preserve forests such as Whirakaki. Business interests, not surprisingly, are hitting back.

The chairman of Auckland-based sawmillers and timber merchants Henderson and Pollard Ltd, CW Pollard, told the company's annual meeting it was "quite amazing that a handful of misguided environmentalists think they have the divine right to close up for stagnation the entire native forests of New Zealand". The conservationists, in fact, want to preserve what few forests remain.

Pollard continued: "I would ask what right they have to take these national assets out of production under the pretext of preserving a few birds, bees, spiders and mosquitoes." Thus he glibly dismissed concern for dwindling birdlife. Ten per cent of the world's birdlife now threatened with extinction are New Zealand species.

Pollard's concern, however, is that the Milingui sawmill depends on logs from the Whirakaki forest, and Henderson and Pollard is a joint owner of the mill. And Pollard considered it his "civil duty" to advise shareholders that the Milingui sawmill was reaching full production, but that if environmentalists stop felling in the forest, the sawmill might have to close.

Timber Merchants' Federation President R McNeil, supports the Whirakaki State Forest management plan. He describes it as logical and balanced, recognising both the ecological and productive value of the native forest. But he is concerned that the South Island might not be able to supply the national demand for high-grade timbers from its present reduced resources; enormous freight costs would be incurred in ralling native timber north; and a rise in demand for imported timbers would cost millions of dollars in overseas funds.

New Zealand Furniture Manufacturers Federation president J. W. Reeves warns about rising costs (through the necessity to import); and a loss of jobs in the furniture industry and lack of growth in skills which are vital to the continuation of the furniture industry. He argues that furniture manufacturers conserve overseas funds by diverting demand from imported timbers. And he argues that consumers are not interested in furniture made from exotic timbers (although a Forest Service survey of the larger North Island furniture making enterprises, published earlier this year, shows that 84 per cent of the timber used for furniture is radiata pine; and only 7 per cent of the country's dressing grade native timber is used for furniture manufacture.)

The consumer, indeed, looms large in anti-conservationist considerations. "It is good sense to translate a little of our unique native forestry resources into our city environment," said McNeil. "The New Zealand public is surely entitled to enjoy the beauties of our native timbers not only in the forests but in the towns and cities."

Reeves insists the consumer wants high quality furniture at prices he can afford, "thereby enabling him to enjoy a part of New Zealand's environment in his very home."

Easier this century, consumer demand for hula feathers (for women's hats) contributed to the bird's extinction. Careless days are a more modern reminder of a resource that is fast drying up.

Consumption and conservation are incompatible. And businessmen must accept that by putting consumer demands foremost, what remains of our native forests must be further exploited if not destroyed — and acknowledge the environmental consequences.

Bob Edlin

**Subscribe to  
National Business  
Review  
now...  
and save  
37 per cent**

When you subscribe to National Business Review, you receive 48 issues of New Zealand's leading and liveliest business publication (news stand price \$28.80), and NBR Outlook, a periodically produced broadsheet newspaper devoted to the detailed analysis of important national issues.

Subscribe now and you save a very worthwhile 37 per cent on the National Business Review/NBR Outlook cover price of \$31.80.

Cash price \$31.80

...subscription price \$20.00

To take advantage of the NBR subscription offer, simply fill in the Fourth Estate Subscription Service coupon elsewhere in this issue.

THE news that Martinborough citizens are thinking of putting fluoride in their milk poses some interesting questions.

Will it still be "white milk" under the Milk Act? Or a "fun-drink" along with flavoured milk, and therefore outside the scope of the Milk Board?

The freedom-of-choice lobby, which opposes water fluoridation, would be far happier if fluoride went into milk.

Adults don't get healthier teeth by drinking fluoridated water. Children who take fluoride in some form from 0 to 14 years do.

So why not satisfy everyone and simply fluoridate milk?

There are a few snags. Children vary in their milk-drinking habits from the "yuk" faction at nothing a day, to those who gulp it by the litre. Would some form of school milk be reintroduced?

Or would one order it direct from the milkman in a specially marked bottle?

At school, enforcement on non-milk lovers would be a problem — at home, sorting out who was to get fluoridated and who would get plain milk could cause a few headaches.

Or if the Borrow Milk Foundation, which has offered to help Martinborough with a pilot scheme, proposes to fluoridate the whole milk supply, the free-choicers will remain unsatisfied.

Parents have generally proved unreliable in getting their children to take fluoride in tablet or drop form.

Interest is bound to wane in a form of medication which has to persist for 14 years to give maximum benefits. The same would presumably apply to milk, in a scheme which for at least the school holiday part of the year depended on parental co-operation.

Swiss and American trials with fluoridated school milk missed out children below the age of five. This meant there was no benefit to the milk teeth or the first permanent teeth, which are those most prone to decay.

Against this, it's much cheaper to fluoridate part of

the milk supply than the whole water supply, of which less than 1 per cent is used for drinking.

ROB Muldoon, media basher, Prime Minister, and weekly journalist, should find it easier to recognise the trendy lefties from broadcasting in future.

The Association of Broadcasting Journalists have issued new membership cards. The colour: pink.

There's gotta be a conspiracy in this somewhere. Perhaps Rob will break it in his next column in Truth.

FOR years before it happened, the prospect of a certain Tom Skinner being given a knighthood in the next Honours List was regularly being raised by the news media.

Now it's happening again. At this stage, it's only dinner party gossip — but in certain circles Sir Tom Skinner has been tipped as the next Governor General.

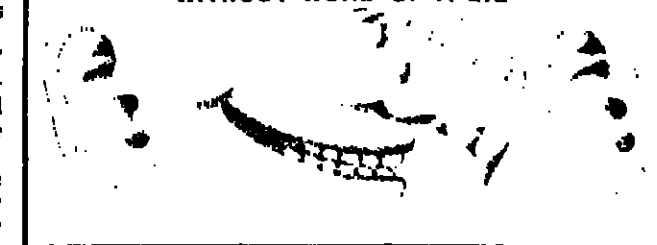
This could be viewed either as the most Machiavellian of Muldoonian moves, or a slap in the face for the National Party Establishment.

Offering the country's plum job to a Labour man would certainly even the score as far as the major political parties are concerned, and silence forever those who accused the PM of putting a National's yemman in the position.

Sir Keith and Sir Tom both enjoy humble origins, and began their lives as errand boys, though their political paths diverged to the right and left respectively.

His acceptance of a job on

## WITHOUT WORD OF A LIE



we could get an hour with him. Incidentally, he has us to 'impute' his revolutionary tendencies to respectable US companies, vice-president and called respectively PZ and de Castro is too too coincidence.

ANYONE expecting Government September on the using Maud gas, as per by Energy Minister Bill is in for a disappointment.

According to a high official, the Government now unlikely to announce an announcement until October, after Prime Minister Muldoon returns from his overseas tour.

And even then, an official, "it won't be a direction".

One problem is the Liquid Fuels Trust is waiting for some data and won't be able to report by the end of the year.

Another, is that the steering group, with Treasury, Trade and Energy and the PZC needs more time to get the financial and political implications of the options.

AVIS Rental Cars deliver up to their slogan the other Auckland — at least one of their clients is convinced.

A couple, complex active four-year-old had a day and night Auckland before they used their visit friends in the but on the eve of departure found it downtown Auckland from Avis offices — a tyre.

Not keen to miss the they rang Avis to ask for

help, perhaps another car just to get them to the airport.

"Why don't you change the tyre," came the (presumably) pretty Avis girl's reply.

"We don't have time," came the rejoinder. Apart from that, the prospect of emptying a full boot onto a busy Auckland street at rush hour didn't really appeal.

"Well I'm sorry you'll have to get a cab to the airport."

And they did — \$14 worth — and left the car where it was and the keys at the Avis desk at Auckland International.

"We try harder — be damned," said the irate father when he got back.

THE carless days scheme — promoted with all the best intentions — is turning out to be something of a farce.

It's expected the scheme will lead to little more than a 2 per cent saving in petrol consumption.

We wonder if that will be because of the large number of exemptions already granted to those fortunate to be in the right kind of jobs.

The Energy Ministry has so far refused to say how many exemptions have been granted, and we must therefore be forgiven for suggesting that number could be somewhat high.

Take those listed in the second schedule of the Economic Stabilisation Regulations (No 2) as "essential users" — doctors, milk vendors, taxi drivers, security service operators, vets, funeral directors, and, of course, journalists — and that's just the beginning.

Then there is lots of scope for the inclusion of the businessman who has his own company and of course, works seven days a week.

But one of the many benefits who queued up for an exemption

sticker — he got his without too much trouble — was somewhat bemused by the reasons offered by the chap in front of him.

This bloke was also seeking an exemption sticker — because he raced saloon cars, he said.

"Oh, well," said the Post Office official, "I suggest you write to the Ministry of Energy."

WE record herewith an almost cryptic telegram received the other day from Auckland (with no name to identify the sender).

"Your reporter Helen Vause requested information about the Metropolitan Life Assurance Co of NZ Ltd share investment in the Continental Cigar Co Ltd."

"Answer yes."

"Reason both companies were established from the office of Brown Woolley and Graham chartered accounts at approximately the same date. Metropolitan Life's investment in Continental is under 4 per cent of that company's capital."

"Metropolitan total share investments including Continental represent 12 per cent of their total assets."

"There are two common directors."

"Any distortion of the facts will be the subject of litigation."

It seems this information was volunteered after Vause became interested in a Metropolitan Life Assurance company brochure.

The brochure asked what is the relationship between smoking and life assurance: And Vause wanted to find out.

She quickly learned that if you don't smoke, Metropolitan Life will give you a cheaper deal on your "clean air" life policy.

Metropolitan Life, says the brochure, is "giving a positive incentive, towards improved public health and making our contribution towards a cleaner healthier environment."

Musical to the non-smoker's ears. The policy is selling well too, according to a sales staff member who said: "We introduced it to encourage people to stop smoking."

More music to the clean air folk.

But — as the telegram shows — there's a spot of two-timing afoot in this happy relationship between smoking and life assurance.

Metropolitan Life Assurance has a small shareholding in a local cigar manufacturing company.

It's only a shareholding, agreed, but perhaps just enough to taint the sweet idealism of that clean air brochure.

AIR New Zealand stopped Continental Airlines dead in its tracks when the Americans tried to promote tourism to these cloudy isles with cut-rate air fares.

But there is little Air New

Zealand can do about Continental's latest marketing ploy to boost Australasian tourism to the United States.

Continental is offering 14 days unlimited air travel in the continental United States for \$190. The offer is open to anyone flying Continental to the USA via Honolulu.

The travel bargain hunter can get thousands of miles and many meals thrown in on top of his 14 days and \$190.

Continental's ads feature the American eagle saying: "Yep, that's chicken feed," and that great American revolutionary, George Washington, saying: "That's a poultry sum."

"Fourteen days air travel at \$190 is poultry-feed indeed, compared with the rapidly rising domestic air fares in this country."

In New Zealand, \$190 will take the traveller from Auckland to Wellington (\$56); on to Invercargill (\$79); and only part-way back to Wellington again — at least after Air New Zealand gets its second domestic fare increase in as many months.

In addition to its fare increases, Air New Zealand is employing the knee-crunching

tactic favoured by the cut-price airlines. It claims to despise by shaving seats closer together to get more paying sardines into the can.

Continental entered the New Zealand market with great plans to promote New Zealand as a destination, but failed to place many burns on south-bound seats. Possibly this is because New Zealand is not exactly the "Woolworths of travel destinations".

So maybe the flow of traffic will be reversed.

SO you disagree that Nafta is a far from adequate vehicle for promoting free trade between Australia and New Zealand (one of the complaints behind the current bout of political talk in favour of a free-trade zone or customs union)?

Well, maybe you're right and Nafta is thriving.

Why, only the other day Trade and Industry Minister Lance Adams-Schneider announced that agreement had been reached between the New Zealand and Australian Governments on yet another list of goods for inclusion in Schedule A of the agreement (the free trade list).

We apologise to Mr Gould, the Official Assignee, and withdraw any implication that in performing an official function as an officer of the Supreme Court he was motivated by any personal feelings or that he held such feelings.

The list includes yet another number of items that should result in bumper export business for Kiwi exporters — such as glass fruits, white Portland cement, petroleum jelly, certain glass articles, machinery used in wine-making, agricultural falling under tariff heading 81.28, submersible pumps, bearing housings and motor-cycles ...

NATIONAL Business Review of July 25 carried an article on the Securibank affairs on pages 8 and 9. In the article it was stated that the Official Assignee, Mr E A Gould would oppose the appointment of Mr C E Sturt as a liquidator for Securibank. The article, further said Gould and Sturt also have a long standing personal enmity.

Air Gould told us that this is untrue, which Fourth Estate now accepts.

We apologise to Mr Gould, the Official Assignee, and withdraw any implication that in performing an official function as an officer of the Supreme Court he was motivated by any personal feelings or that he held such feelings.

## Monocooustic ceiling panels performance in down-to-earth terms.



We'd like to clear the air. With some uncluttered statements about ceiling design.

About what to expect from AHI Fibreglass Monocooustic ceiling panels. What benefits they provide. How to take advantage of inherent design features.

First, the creative, aesthetic aspect. Monocooustic panels are manufactured in a range of sizes up to 3000 x 1200 mm — made possible by the dimensional stability of fibreglass.

The variety permits a high degree of structural versatility, favours the creation of harmonious ceiling designs. With fewer exposed grid members.

The same strength from dimensional stability also prevents installed panels from sagging. Monocooustic panels present a bright, clean face to the room. Attractive, textured vinyl finishes that give good light reflection (ASTM C523 — 75 per cent reflection).

Reduce heat loss, noise transference — even tax.

Next, Monocooustic panels practical, technical benefits. As an insulator, the firm boards of resin bonded glass fibres display remarkable thermal resistance.

Panel 65 mm thick provide an R value = 1.912 m<sup>2</sup> CW/m<sup>2</sup>.

A VERY IMPORTANT FACTOR IN MINIMISING ENERGY COSTS. Proof of efficiency. The whole cost of installing thermal insulation material in commercial and industrial premises is tax deductible. AHI Fibreglass Monocooustic Ceiling Panels qualify for that rebate.

They also insulate against noise, having a range of NRC values between .61 and .85. Natural acoustic properties dampen sound within a room, improving everybody's concentration.

Light, safe, easy

Light weight is one of a number of other useful benefits. NZS4203 controls seismic bracing standards for suspended ceilings. AHI Monocooustic paneling is one of the lightest systems available.

Therefore also one of the safest. One of the fastest and cheapest to install. Its light weight requires no expensive bracing.

Monocooustic panels 65 mm thick weigh 2.34 kg per m<sup>2</sup>.

In fire safety terms, the product has been tested according to AS1530, Part 3 requirements. Monocooustic ceilings will neither support combustion nor help a fire spread.

Fix and forget

Finally, some points about maintenance. Monocooustic panels won't ever rot, go mouldy in damp conditions or support bacterial or fungal growth. Nor does moisture affect their stability.

If the need ever arises, new sections are easily cut and fitted. Fibreglass cuts and shapes quickly to go around ducts and fittings.

One of the advantages that helps make the original installation fast and cheap.

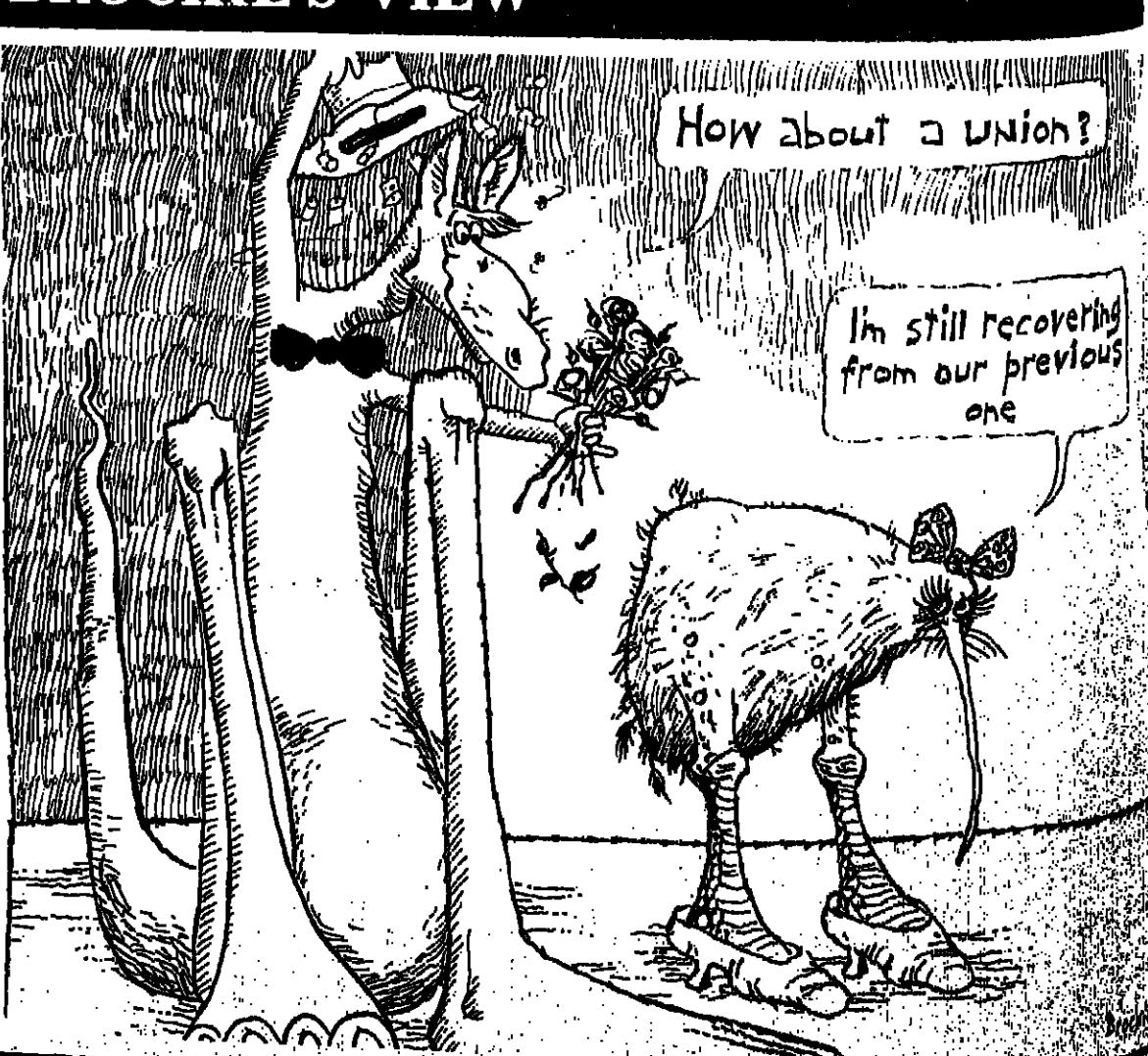
Only a damp cloth and soapy water will ever be needed to maintain the bright vinyl surface. The sort of 'let-it-and-forget-it' ceiling that building owners normally only dream about.

Because tenant call-backs can be a nightmare.

AHI Fibreglass Monocooustic Ceiling Panels. A down-to-earth system for an up-to-the-air requirement.

**AHI Monocooustic**  
Auckland: Box 12000, P.O. Box 12000, P.O. Box 12000, P.O. Box 12000.  
Wellington: Box 12000, P.O. Box 12000, P.O. Box 12000, P.O. Box 12000.  
Christchurch: Box 12000, P.O. Box 12000, P.O. Box 12000, P.O. Box 12000.

## BROCKIE'S VIEW



Editor: Bob Edlin. Editorial: Ralph Green (Production Editor), Rae Mazergerg, Colin James, Belinda Gillespie, John Draper.  
Advertising Manager: Paul A. O'S. Ltd. (P.O. Box 9344; Telephone 794-876; 555-015; Wellington).  
Auckland Office: Editorial, Advertising and Circulation Inquiries: Warren Berryman. Telephone 363-1111. Published by: Fourth Estate Newspapers Ltd, 111-113, Street, Wellington. Printed by: R. Luck & Sons, Ltd, 15 Bridge St, Nelson.

## Tether company in receivership

Continued from Page 1

broking company is exempt from the provisions because of what might now be seen as a loophole in the drafting. The argument is based on a restrictive definition of "underwriter".

Others say Tether Insurances is well and truly caught.

But all agree Tether Insurances would be liable if it had been underwriting insurance in its own right.

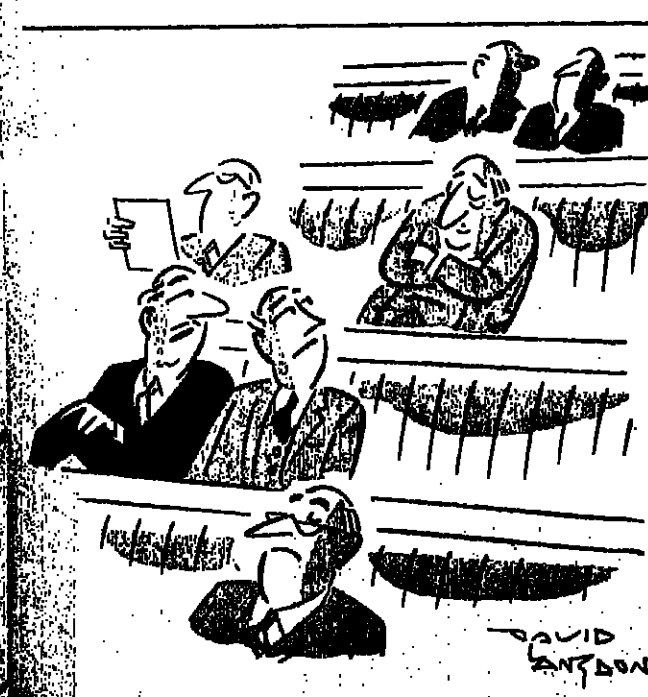
A group of London-based underwriters should have put up a deposit but failed to do so, a fact that passed by

the department unnoticed.

A departmental official said the intention of the Act is not to require a double deposit, just ensure someone pays it.

He admitted there are great difficulties administering the Act; and where the facts indicate a prosecution should follow, it is not clear who has the responsibility of laying that prosecution.

It seems the Act has so far been administered loosely, in the underlying belief (or hope) that the insurance industry would not throw up a case which would reveal the shortcomings of the legislation.



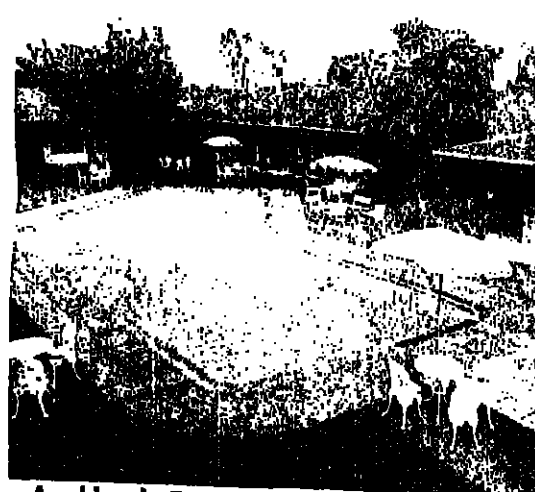
Dragged himself to the 'No' lobby in the debate on televising Parliament, grunted approval of the result, and "boxed off again."



# The Traveller's Guide to an enjoyable stay in New Zealand



**New Plymouth - Westown Motor Hotel**  
Against a magnificent backdrop of Mt. Egmont, a motor hotel of international standard, located only 2 kilometres from the city centre.



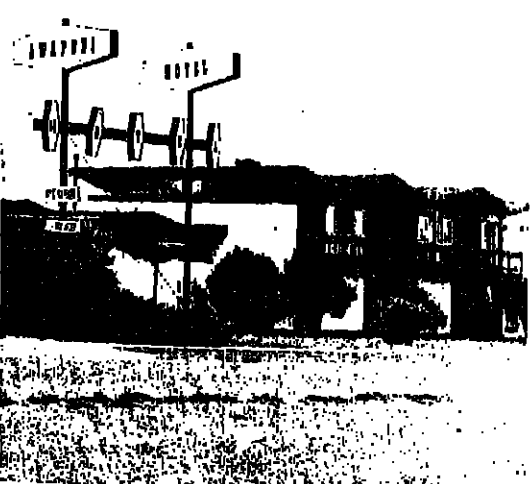
**Auckland - Poenamo Motor Hotel**  
10 minutes from the heart of Auckland, on the North Shore. Designed around a beautiful swimming pool courtyard.



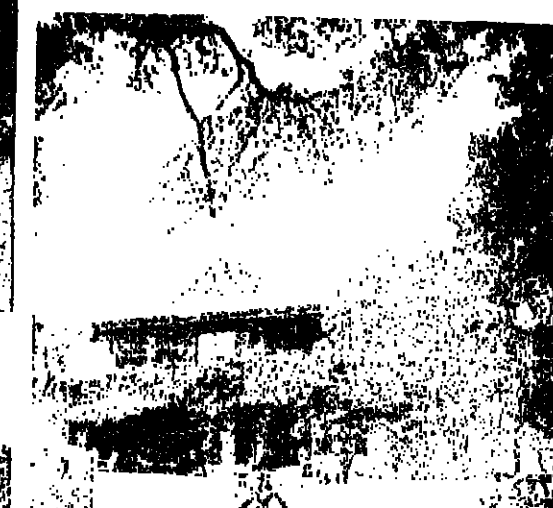
**Gisborne - Sandown Park Motor Hotel**  
A luxury hotel set amidst beautiful trees and lawns on the sunny East Coast. Five minutes from the city.



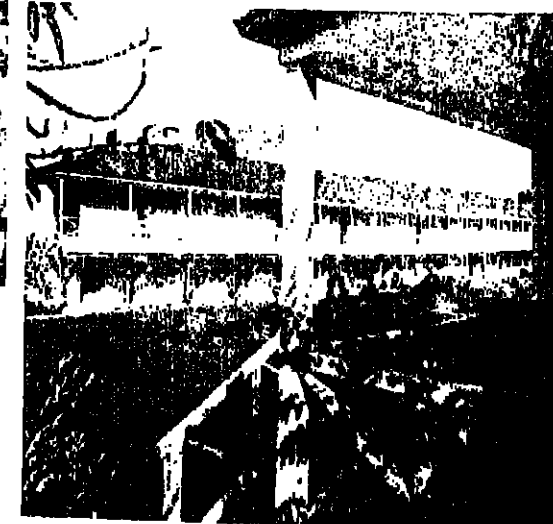
**Christchurch - Hotel Russley**  
Set in the Cathedral City with its charming English architecture and beautiful gardens. Two minutes from the International Airport.



**Palmerston North - Awapuni Motor Hotel**  
A few minutes from the town centre and the racecourse. An ideal location for the visiting businessman or holidaymaker.



**Auckland - Mon Desir Motor Hotel**  
Set amidst beautiful native bushland, a few minutes from the North Shore. Lakapuna Beach is just 10 minutes from Auckland City.



**Whangarei - Settlers Motor Inn**  
A recreation of colonial architecture and hospitality. Just five minutes from the city, adjacent to Whangarei's picturesque harbour.

**GOOD NEWS**  
THE SON COURT MOTOR  
HOTEL TAupo  
WILL BE OPEN  
FROM MID  
NOVEMBER

## The South Pacific Motor Hotel Network

More than just a room for the night



Members of the South Pacific Hotels Group  
MH38

Telephone: Auckland 794-660, Wellington 850-754, Christchurch 794-660  
Or your local Air New Zealand office or Travel Agent.

## Forest shrinkage favours NZ

by Rae Mazengarb

LONG-standing neglect of forestry policy internationally should enhance New Zealand's potential as a wood exporter toward the year 2000.

World-wide demand for forest products is spiralling, but the area in forest is shrinking by some 11 million hectares each year.

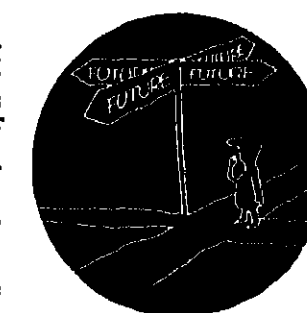
Yet around the turn of the century, New Zealand's forestry industry could be producing nearly four times the present quantity of wood, with some 70 per cent available for export.

The Commission for the Future has already made this observation in the first of a series of booklets, "New Zealand in the Future World".

The first booklet, "Resources and Technology Sustainability," attempts to set the basis for public discussion about New Zealand's opportunities and options in the resources area.

The Development Finance Corporation is also undertaking a comprehensive study of all aspects of forestry to find the gaps in the opportunities available to us.

Still some months from completion, the forestry study will be a long-term view; it will assess the resources we



have or will have in the future and their utilisation after the 1980s.

New Zealand's average annual wood supply — around 9.5 million cubic metres — is projected to reach 24.4 million cubic metres by the years 2001-05 and 32.4 million cubic metres during 2006-10.

By these years we will be reaping the benefits of the heavy plantings of the mid-1970s.

Today's industries are using trees from the first planting boom during 1925 and 1937.

Planting dropped down to less than 5000 hectares a year until 1960, when it was increased dramatically, but the fall-off during these years will lead to a shortage of exotic wood during the 1980s.

But the annual planting rate of 18,000 hectares in 1970

surged to 40,000 hectares by the middle of the decade.

Working on a 30-year growth period, these trees will be ready for harvesting for export at the turn of the century.

If New Zealand exploits export possibilities, the country will be in a highly favourable position.

On the international scene, the seeds of commercial wisdom have yet to take root.

Though the tiny forestry division of the EEC Commission has been plugging away for years, attempting to get the message across to the Nine's governments, there has been little incentive to go forward in forestry management and planning.

According to the (London) Financial Times, neglect of forestry planning will cost Britain alone 2.5 billion pounds this year in bills for purchases of wood and wood products.

Its local production accounts now for only 8 per cent of needs.

And in the EEC as a whole, the annual bill for such imports is second only to that for oil.

The United Nations Food and Agriculture Organisation recently forecast that by the turn of the century world output of soft woods will fall short of demand from the

rapidly expanding pulp and timber industries.

Yet in some countries there has been a dramatic fall-off in tree plantings.

According to the British Forestry Commission, tree planting in Britain last year reached barely a third of the 18,000 hectare target.

While the woodlands of Africa, Asia and Latin America are being stripped away at the rate of 11 million hectares a year, world consumption of wood for all purposes is increasing rapidly.

The 2.5 billion cubic metres consumed in 1976 is projected to reach 4 billion by the mid-1990s.

With 70 million additional people requiring housing each year, the demand for lumber — still the universal building material — looms an ever-growing claim on the world's forests.

The demand for firewood, the principal fuel in the countries with the fastest growing populations, is rapidly outstripping the sustainable yield of local forests.

The world demand for wood-pulp for newsprint and paper is also growing, though the effect of the electronic age for storing and exchanging information may have a marked effect on this trend.

## Futurists attempt to prove worth

THE Commission for the Future publication, "Resources and Technology Sustainability," appeared publicly this week, the first in a series New Zealand in the future world.

The booklet was informally launched last week when the commission — now comfortably ensconced in the newly-opened National Provident Building, overlooking the Parliamentarians' future playground — hosted the press for a discussion seminar and lunch.

Wads of information, explaining both the role of the series of three booklets and the commission itself, were handed out for journalists to muse over until the embargo was lifted five days later.

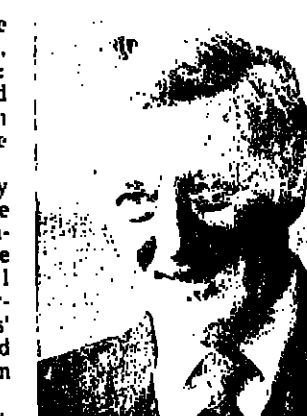
But remarks made informally by some of those present betrayed more than a little scepticism about the planned effectiveness of the body.

The commission, established in 1977, obviously has a great deal to prove to the public — and to the politicians.

This year it is required to operate on a "shoe-string" budget of just under \$250,000, voted from Treasury.

The commission's role is to assemble and disseminate information about New Zealand's future in such a way that — hopefully — all New Zealanders will be drawn into the decision-making process.

Though established as an independent body, according



JAMES DUNCAN... Independent stance.

to its chairman, Professor James Duncan, it has the advantage of being permitted to sight confidential material during its task of assessing long-term trends and developments both internationally and within New Zealand.

The first booklet focuses on natural resources and the possible influence of new technological developments on those resources, looking both at the world situation and New Zealand's own options for the future.

It does not attempt to predict what will happen in the next 30 years, nor to suggest what we should do. Rather, all three booklets in the series "attempt to set the basis for a public discussion about New Zealand's future".

An accompanying paper points out that New Zealand is

well endowed with natural resources, particularly energy.

But while these give a wide range of options for the future, we should look at the long-term social implications when planning for their use.

For instance, our huge natural gas and coal reserves give us options of self-sufficiency in transport fuels, industrialisation and-or the export of energy. But coal and gas will run out eventually and society will have to look to our abundant renewable resources, including forests, fisheries, water and land — then learn to use them wisely.

The paper also poses key social, economic and resource use questions "to help you discuss the issues raised in the booklets".

For instance, on land use:

● How should we allocate land amongst competing uses, including traditional agriculture, horticulture, forestry, liquid fuel production, tourism and nature conservation?

● How far should we aim to add value to the products of our land by processing within New Zealand? In what directions should we diversify?

● How would decentralisation affect the intensity of land use and the nature of resource processing?

It is the public to which the commission is appealing for the answers.

## Fuel costs favour Wellington

by John Draper

RISE in jet fuel costs are adding another argument in favour of extending Wellington's runway to handle DC10 planes.

The short runway is costing Air New Zealand an extra \$2 million because international flights, destined not only for Air New Zealand, but other carriers using Auckland, must carry sufficient fuel to make emergency landings at Christchurch.

And the extra weight means

the big jets burn more fuel on a normal journey.

Cutting out the emergency supply for the extra 400 kilometres between Wellington and Christchurch or Wellington and Auckland in the case of Christchurch terminating flights across the Tasman, would produce significant savings not only for Air New Zealand, but other carriers using Auckland.

Wellington's runway needs at least an extra 200 metres for

DC10s to be able to land under normal operating conditions.

Meanwhile Transport Ministry economists are putting the final touches to a report for Minister Colin McLachlan to take to Cabinet later this year.

Air New Zealand has already estimated that keeping its three remaining DC10s to maintain the capital's Tasman air link open is costing \$4 million a year.



## Commission outlines forestry options

FORESTRY, for export is not the only path New Zealand could take after the turn of the century. But because trees take a long time to grow, forestry planning must also be long-term.

Three management options for New Zealand's radiata pine plantations are outlined in the Commission for the Future's latest publication.

It adopts the suggestions of New Zealand forester W Sutton, who undertook an extensive study of the world's forest resources and concluded there would be shortfalls in wood supply.

The options are:

● Grow trees for pulpwood and-or energy (liquid fuels or burning).

● Grow trees for framing buildings or logs for export.

● Grow trees to produce a maximum volume of clearwood which is of high quality and defect-free. Forests managed in this way will also produce substantial quantities of lower-grade wood suitable for pulping and energy production.

According to the commission, if a decision is made

to commit substantial forest areas to the production of transport fuels for internal use, then the first management option would be appropriate.

Looking at export possibilities, New Zealand would be well placed if it opted for the production of clearwood.

Radiata pine is a suitable, fast-growing species in New Zealand conditions, and if the world shortage eventuates, that option will be lucrative, since the price of clearwood on world markets is substantially more per cubic metre than currently fetched for the country's framing timber.

If the shortage does not eventuate, the timber could still be used for log export, framing timber or pulpwood.

Not only does New Zealand have choices about the quality of timber produced, but also choices about the extent in which timber is processed for export. The booklet identifies some of these options.

Discussion pertaining to the native species is held over for the chapter on nature conservation.

## Complete design and printing service with Guaranteed delivery

When you've a business form order to place urgently the last thing you need are excuses.

We're IBF. Innovators of Business Systems and Form Design.

We'll design, print and deliver to brief. Any feature. Any size. Any quantity. And we work fast!

Our flexibility enables us to achieve virtually any design imaginable. And handle those last minute orders.

We'll supply full colour proofs, so you see exactly what you're getting. And we work just that much harder to meet every delivery date for every job.

Call us. You'll like the reception. You'll love the results.



Innovators of Business Systems and Forms Design

4 WAIKAUKAU ROAD, GLEN EDEN  
AUCKLAND 7  
NEW ZEALAND

P.O. BOX 20-142 GLEN EDEN  
TELEPHONE GLE5384 & 5445

**INTERNATIONAL  
BUSINESS FORMS LIMITED**

## Anthony acts as prime mover in establishing Tasman trading bloc

AUSTRALIAN Deputy Prime Minister Doug Anthony is the main mover in the Federal Government's drive toward negotiating a new trade agreement with New Zealand. It was Anthony who suggested the setting up of the Australia New Zealand Businessmen's Council, which represents a wide range of banking, transport and manufacturing corporations in Australia.

The council has already had two meetings and has as its main objective the major expansion of trade between the two countries.

Anthony spoke to the council in July and said: "Trading blocs are the name of the game today. Nafta simply won't be able to meet our needs in the years ahead."

"There can be no doubt that the shape of the association between Australia and New Zealand, and the formal arrangements on which it is built, will be of critical importance in the difficult years that lie ahead."

The significance of Anthony's role in this matter, which could lead to the formation of a free trade area or customs union, is that he is the leader of the Country Party in the Government coalition. His support signals that the Australian farming groups are no longer fearful of New Zealand agriculture as a competitor on the home market.

### CHANGING YOUR COMPUTER PROGRAMME?

The Situation  
Your computer programmes continuously require change because your markets or your procedures change. Your volumes increase and the system becomes strained.

The Problem  
Changing programmes is the bane of every programmer's life. Dissatisfaction leads to delays and errors.

Documentation—  
A Partial Solution  
Better documented programmes are more quickly and more easily changed. Commercial Computing can supply people to document your systems.

Expert Staff  
Commercial Computing have expert programmers available right now to bring your programmes up to date. Use of our programmers could free your own staff for development of new systems.

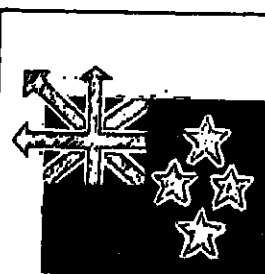
Charges  
An hourly rate, a fixed quote or a monthly fee on a per statement basis.

Priority  
You set the priority for each situation and we react accordingly.

For further information contact:

**COMMERCIAL COMPUTING LIMITED**  
40 Hobson Street  
Box 11005  
Wellington

Telephones:  
Wellington ..... 726011  
Auckland ..... 774948  
Hamilton ..... 84131



OVERSEAS TRADE

The setting up of such free trade arrangements is being taken extremely seriously in Australia.

Some go further: The Deputy Labour Party leader, Lionel Bowen, the Australian Financial Review and Sydney Daily Telegraph have called for political union with New Zealand.

Australia's major manufacturing lobby, the Confederation of Australian Industry, is hard at work on the issue.

Officials of the Canberra-based confederation have been working for a year and one describes the effort as "very intense". He expects that it will take another year to finish the study.

"The problem with Nafta is that it is built around exceptions and the objection procedures are too easy to apply," says the CAI official.

"It is too cautious, too narrow. We need something more ambitious."

CAI president Sir Max Dillon met Rob Muldoon when in New Zealand last April, a week after Anthony visited and discussed trade with Muldoon.

"It is my personal view that the two countries need to be closer together," Dillon said.

The issue was first raised early in 1978, when Brian Talboys visited Canberra and met Malcolm Fraser. Since then, Anthony went to Wellington, Fraser discussed it with Hugh Templeton at the UNCTAD conference in Manila and Muldoon and Fraser talked again at Lusaka.

There has been a number of views expressed over the last year that Australia should help out New Zealand. The attitude has been slightly paternal, but industry leaders realise that it is not just a matter of bailing out New Zealand. There is a realisation that New Zealand economic health is essential to Australian industry in view of the fact that New Zealand is Australia's largest customer for manufactured goods.

A useful comparison is Tasmania, which is in even worse economic shape than New Zealand and is dependent on a narrow range of products. It is possible to argue that were Tasmania not within the Australian economy, it would not be a viable unit.

Farming groups no longer see New Zealand as a threat. In fact Australian National Farmers Federation spokesman Alec Norquay believes economic union should be followed by some sort of political tie-up (section 121 of the Australian Constitution allows for admission of new states by act of Parliament).

In the meat market, lamb and pork are already on Nafta's zero duty list and beef has only a minor tariff, thus an almost free-trade situation already exists in these commodities.

New Zealand has recently stepped up its exports to take advantage of the boom in Australian prices. And Australian wine growers would welcome free access to the New Zealand market, rather than the tariff loading that now exists.

In Sydney this week it is possible, for example, to buy Jacobs Creek claret at \$2.10 a bottle and casks (which represent more than six bottles in volume) as low as \$5.

The only farming group that would complain is the dairy men. Australian cheese sells for much higher prices than the local product in New Zealand, so cheap New Zealand cheese would seriously undermine Australian producers.

In all, though, there is serious commitment in Australia to the massive advancement in trade and the further interlocking of the two economies.

by John Draper and  
Rae Mazengarb

POLITICIANS both sides of the Tasman are shoving hard to roll the Nafta obstacle from the path of closer trading links.

Signed in 1965, the New Zealand Australia Free Trade Agreement has undoubtedly played an important role in developing trade between the two countries.

But there have been rumblings from the Australian side at the lack of progress in widening tariff-free trade for some time.

The last round of talks in March, was described as a "big yawn" by Australian sources.

In Geneva, the multilateral trade negotiations finally reached agreement after years of talks but left New Zealand and Australia with little benefit.

Both are disappointed that there was little progress in opening up world markets to

agricultural produce as well as industrial products.

The result has almost been predictable. Australian Deputy Prime Minister and Trade Minister Doug Anthony has made strong statements indicating the need for a new look at the Tasman arrangement.

Overseas Trade Minister Brian Talboys and Prime Minister Rob Muldoon, though more cautious, have taken the same view.

The options, being studied by officials in both countries, are numerous.

The freeing of trade could take the form of free trade area, customs union, economic community, or a type of hybrid.

Reforming Nafta to fulfil its aims to produce a genuine free trade area could be the first. Nafta has become bogged down in its own bureaucracy. Talks, which are held twice a year, are quadripartite, (a word developed to include manufacturers and Government from both sides).

The smallness is likely New markets in South Asia, though initially to have far greater potential.

## Options crystallise

## politicians attempt to overcome Nafta

The Department of Trade and Industry last week gave definitions of terms being used in the discussions of closer trans-Tasman economic relations.

● Limited Free Trade Area:

This describes the present situation under Nafta where tariffs have been, or are being, reduced to zero on selected products traded between New Zealand and Australia, but this trade may still be affected by import quotas or other trade limiting arrangements. Each country retains its own external tariff and other trade policies applying to the rest of the world.

rapid growth and greater returns.

And in March, Australian manufacturers made their views clearly known at the talks.

Beyond a free trade area, which allows a country to set its own customs barriers, is a full customs union.

The European Common Market is an example of a full customs union, both for the good and bad points.

Such an agreement would allow the Tasman neighbours to trade freely between each other but to present a common front to the rest of the world. Trade blocs of various

● Full Free Trade Area:

A situation in which tariffs and trade barriers are removed on all products traded between the countries involved. Each country retains its own external tariff and other trade policies applying to the rest of the world.

● Customs Union:

A free trade area, but with a common external tariff and common policies in other respects applying to imports from the rest of the world.

● Economic Union or Economic Community:

Sir Frank says his preference is for a free trade area, with harmonisation of tariffs and "other policies where this is necessary to make the free trade arrangements work equitably and effectively".

His argument is based on the view that our capacity to improve living standards and sustain full employment here depends on more New Zealand enterprises being internationally competitive.

The gradual elimination of most barriers to trade across the Tasman would help in this. "It would offer a combination of opportunities

of selling in a wider unrestricted market and the greater stimulus of gradually intensified competition from Australian producers", he says.

Sir Frank also observes that the political climate in New Zealand seems to be more conducive to a bold move forward.

Not only have recent statements from Deputy Finance Minister Hugh Templeton been positive; Opposition Leader Bill Rowling also has spoken favourably about closer Tasman links (though he has been unenthusiastic about

A customs union, but with additional provisions allowing for the free movement of people, capital, factors of production and co-ordination of various aspects of economic policy and development strategy. In situations where this extends to the co-ordination of monetary, fiscal and exchange rate policies, and the adoption of a common monetary system, the term 'monetary union' is sometimes used.

● Common Market:

Can be applied to either the customs union, economic union or economic community situations.

making too-rapid changes).

Sir Frank views as an essential requirement for real progress a commitment by both Governments to free trade in most products over a defined time period—say 15 years—in accordance with an agreed plan embodying principles on which the reduction of barriers would be based.

But he warns of the dangers of procrastination, whether it is through "excessive timidity" or bureaucratic delays.

So far our politicians have not come out strongly in favour of any one of the suggested options for the future, but there is general agreement that a plateau has developed in Nafta.

Yet both Australia and New Zealand have to take a wider Pacific view, Templeton has said, since neither country can expect much from the global situation. "It sees a free trade area or customs union coming within the next decade."

The New Zealand Institute of Economic Research opts for a "packaged approach" to an unrestricted free trade area.

In a report released last week the institute said a customs union would involve both countries in adjusting their external tariffs to a common level. Given the generally higher levels in New Zealand and the provisions

### Manufacturers optimistic

by Rae Mazengarb

MANUFACTURERS on both sides of the Tasman are now optimistic about the prospects of a union.

For years New Zealand manufacturers fought the freeing of trade for fear they could not compete with the Australians.

Yet today manufacturers make up 25 per cent of New Zealand's exports.

While the New Zealand Manufacturers' Federation has not yet adopted any formal position over the various options, it is in the process of formulating a stance.

Economist Wayne Coffey is preparing a paper on the range of possibilities which will be presented to the Confederation of Australian Industry and our own export and trade relation committees for their consideration later this month.

It is expected the federation's proposals will stop short of a customs union.

Certainly the manufacturers will insist on being centrally involved in the decision-making process.

Primary industry groups have not discussed the free trade concept on any formal level, but they appear fairly

open minded at this stage.

Chief executive officer of the New Zealand Federated Farmers' Union, Rob McLagan, has said that New Zealand could produce and market several products, especially dairy produce and lamb, to its advantage.

But McLagan points out his organisation would aim not to compete for an existing market, but rather to expand the total market.

While the population of cities as big as Sydney would provide a large market for New Zealand's horticultural products such as flowers and fresh fruits, economic union could threaten our wine and wheat industries.

Australian wines are technologically and climatically at an advantage, yet the New Zealand wine buyer pays dearly for them due to the present high tariff loading.

Good, popular Australian wines, suddenly available at half the price would be a threat to the wine industry here.

Likewise the wheat industry which supplies our internal requirements could suffer from the flow of wheat across the Tasman from its huge Australian counterpart.

## design-build-install and maintain...

Any project - custom built units to multi-dollar complexes - IST experience and expertise is geared to handle the job right through.

Single Responsibility and single Accountability means less time and less problems for you.

You deal with us - we deal with the problems.

Structures, overhead cranes, conveyors, freight containers, industrial refrigeration plants and components, process plant and pipework systems and installations, fire protection systems, entire project cost.

IST offers the widest range of professional engineering and design services for every facet of industry.

Your project can become a reality.

**IST**  
P O Box 19-483 Penrose, Auckland  
P O Box 50-328 Lower Hutt, Wellington  
P O Box 18-850 Woolf, Christchurch

### Fletcher REAL ESTATE

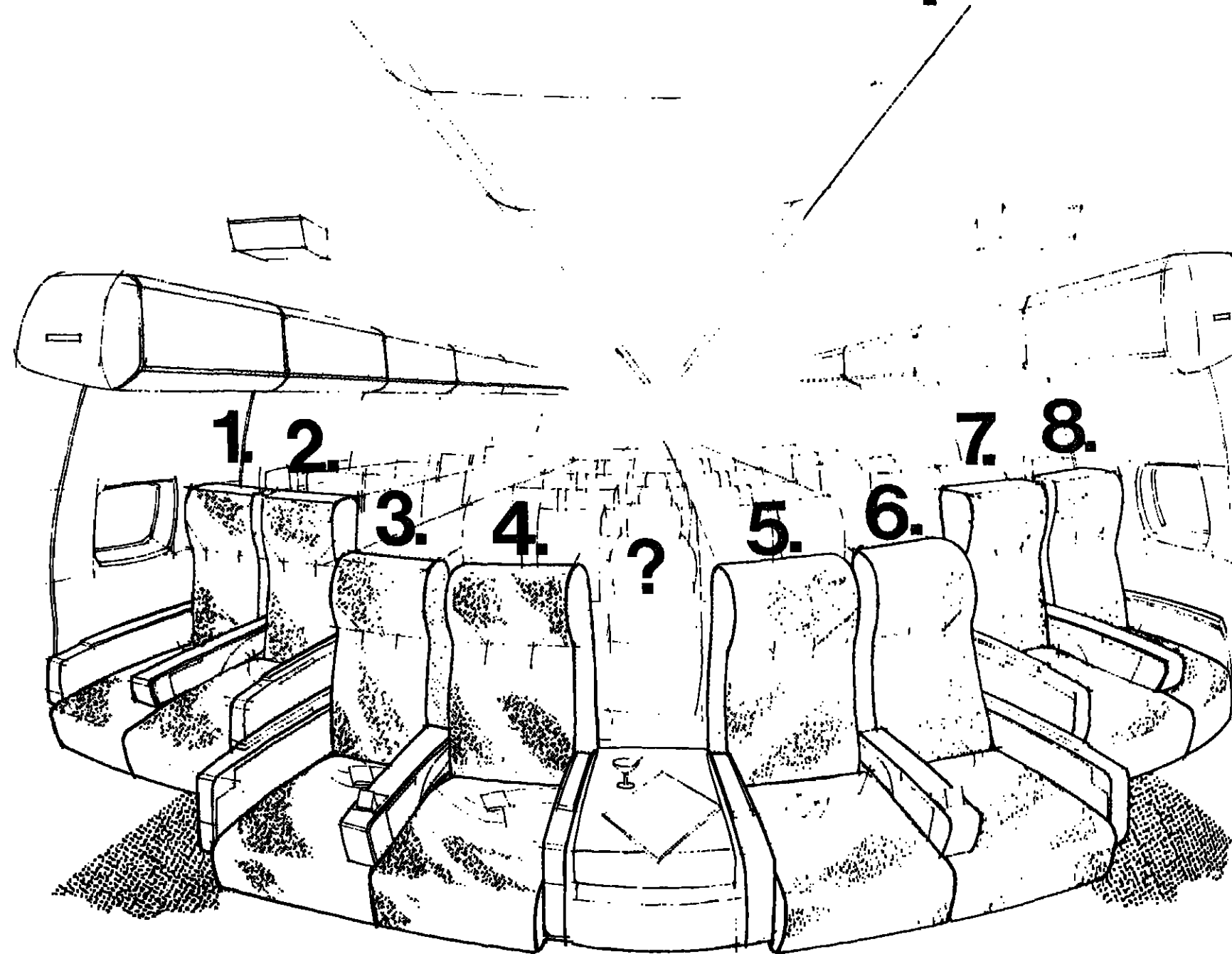
For your Office - Warehouse - Factory Needs

Design & Build - Property Management

Auckland 33-508 Wellington 723-529 Christchurch 798-621



# A brief lesson in commercial enterprise.



These cheaper fares are certainly stirring up the airline business.

Now, in an effort to increase revenue, most airlines are adding an additional seat per row.

But in the face of this international trend Swissair has made a commercial decision to retain only eight seats across in the Economy Class of their DC10's, arranging the seats in groups of two.

Swissair DC10's carry fewer passengers and in only two classes.

Economy and First Class.

This means that you have a more comfortable flight. You have a wider seat and wider aisles.

You have elbow room.

The cabin crew can give you more attention.

Everybody has an individual overhead locker so

that all cabin luggage is up off the floor.

And when you travel with Swissair on a full fare ticket, you can select and reserve here in New Zealand, the seat of your choice. It will be waiting for you when you connect with your Swissair DC10 flight in the Far East.

Link up with Swissair at either Singapore, Bangkok or Hong Kong on your next trip to Europe.

And when you arrive in Zurich, you are at the gateway to Europe.

Going on? Swissair gives you immediate connections to any major city in Europe.

Add it all up.

And the answer for New Zealand businessmen going to Europe?

Swissair!

**swissair**

1 Queen St., Auckland Phone 372-341

## Unions and investment curbs worried Germans

WEST German politicians and business leaders — being encouraged by the New Zealand Government to invest in this country — have balked at our overseas investment policies and industrial relations.

The nature of their misgivings was spelled out in talks with New Zealand Cabinet Ministers and departmental officers in Rotorua in October last year. That was just before the general election — and the West Germans raised the question of a change of investment policy under a Labour Government.

The spectre of Comalco also loomed over the discussions. The Comalco project at Bluff was given as an example of Australian raw materials being combined with New Zealand energy resources. The West Germans were told that such a combination had been the point of the aluminium smelter now operating in New Zealand.

Whether they were told the nature of the Government's renegotiating the contract and changing the basis on which power was supplied to Comalco is not known.

New Zealand's immigration policies were raised as another problem area. The West Germans were told our investment policy was under review under the National Government.

Visits by trade union leaders to West Germany were suggested as a means of overcoming industrial problems.

Interestingly, Manufacturers Federation president Fred Turnovsky last week suggested that F.O.L. president Jim Knox should visit West Germany.

The visit by the West German political leaders last year has been followed up this year by visits from teams of scientists and businessmen. No significant investment deals have resulted from the visits.

Minutes of the Rotorua meeting perhaps give a clue to why the West Germans have not been as eager to welcome the New Zealand Government has been eager to welcome West German investment.

Among those at the meeting were West Germany's Minister for Economics, Otto Count von Lamsdorff, and New Zealand's Minister of Foreign Affairs (Brian Talboys), Minister of Regional Development (George Gair) and Associate Minister of Finance (Hugh Templeton).

Others present were Dr G. Sohl, of West Germany's Federation of Industries, Baron von Heereman, of the German Farmers Association, H. O. Vetter, of the German Trade Union Confederation, D. I. Gamble of New Zealand's Trade and Industry Department and I. D. Dick, from the Ministry of Energy.

The meeting was aimed at identifying areas of potential economic co-operation between New Zealand and West Germany.

TV2 newsmen last week made public the West German points of disquiet.

Talboys was asked by TV2 to confirm if the minutes reported his statements fairly. He was also invited to appear on the news programme to comment on the disclosures.

But he said he would have nothing to do with the news item because it was based on material which the TV2 team shouldn't have in its possession.

Instead of discussing the important points raised, he apparently called in the police to investigate a leakage of confidential information.

The minutes show that New Zealand hoped to review its overseas investment policy by the time the West German businessmen arrived here in March.

Templeton said it was up to New Zealand to tidy up its investment policy before the mission arrived.

More liberal overseas investment guidelines in fact were not announced until last month.

Dr Sohl first raised the question of restrictions on investment in New Zealand at the Rotorua meeting.

He noted that Germany was not always interested in 100 per cent equity holding. But there were misgivings about the so-called "25 per cent rule" in New Zealand.

Talboys put the rule in a historical perspective, and related it to certain political views on foreign ownership.

He emphasised that the rule might seem restrictive, but that in practice it was not, and that each case was judged on its merits.

He emphasised that New Zealand wanted investment which developed its industry, and not merely bought up facilities which already had been developed in New Zealand.

These criteria would be reinforced further in an overview to be produced later.

Lamsdorff noted that Germany had no fixed ideas about maximum levels of equity participation in industry. But he remained concerned about the apparent 25 per cent limit.

Talboys said the key question was where automaticity stopped.

He explained that no approvals were required for investments up to 24.9 per cent. Investments involving from 25 to 49 per cent were considered on their merits in regard to their benefit to New Zealand; and proposals over 50 per cent required investigation as special cases.

Lamsdorff raised the question of Labour Party attitudes. He wanted to know what investment in the future was likely to be.

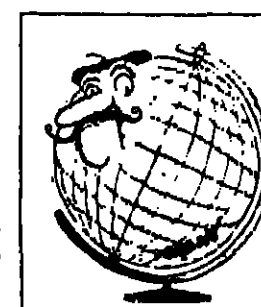
Talboys explained that whatever the Labour Party said before an election, its attitude could be different if it won the election.

He said that basic changes which had been occurring in the economy had been forcing changes of policy attitudes.

Templeton indicated that the Government would be preparing an overview on investment.

By the time the business mission arrived in New Zealand, the review should be completed.

West German trade union leader Vetter raised the question of labour relations.



THE EUROPEAN VIEW

This might affect possible investment co-operation between the two countries, he said.

He saw an English tradition in our trade unions. This could not be overcome overnight.

And Vetter said he had gained the impression from talks with trade union leaders in Wellington that they were not prepared to accept foreign investment silently, in view of current economic circumstances.

Lamsdorff said labour

relations were important for any investor. And the New Zealand system was not an attractive point for the Germans, he pointed out.

Vetter indicated that some New Zealand trade union leaders might be invited to Germany.

The Germans would actively seek such visits during international discussions, such as when New Zealand trade union leaders were visiting Europe.

One of the New Zealand officials suggested that if problems were to arise in industry, it would be useful if trade union experts of both countries could get together early to resolve such difficulties.

Lamsdorff raised the question of New Zealand's immigration restrictions, describing the issue as "difficult".

There was a need to measure the resources of the zone, and

lie pointed out it was not possible to help with development if skilled people could not enter this country.

And he said there were potential was another investment target.

Templeton indicated New Zealand should take particular note of the point made about migration difficulties in relation to developing joint ventures and foreign investment needs.

The West Germans had their attention drawn to a number of investment prospects.

A priority area was identified as the yield of energy (including wood) and further development in fishing ventures.

New Zealand's exclusive economic zone was mentioned. The West Germans were told the total potential harvest of fish in the zone had not yet been assessed accurately.

There was a need to measure the resources of the zone, and

the joint venture approved with Germany was a useful example of the way this could be further developed.

Referring to the growing protein needs of the world, Templeton raised the possibilities inherent in fishing and said exploration of resources would reach out also into the southern waters surrounding Antarctica.

New Zealand's large forest potential was said to be another investment target.

The visitors were told that two large forest areas would be available for cutting in the mid to end 1980s, and the end use of these forest areas had not yet been decided.

Another area for possible investment was further development of food processing and processing of primary products.

Development of the engineering sector in New Zealand was suggested also as an area for investment by German enterprises.

TRUSTEE SAVINGS BANK

NAME: R. BROWN

ACCOUNT: 12345

DATE: 24 APR 1979

SIGNATURE: [Signature]

Takenberg Photography

NAME: H. R. JOHNSON

SIGNATURE: [Signature]

CM CENTRAL MALL

DISCOUNT CARD

NAME: P. FORBES

CLASSIFICATION: SURGEON

DEPARTMENT: SURGERY

EMPLOYMENT NO: 12345

TUROA SEASON PASS

VALID UNTIL OCT 31ST 1979

NOT TRANSFERABLE

## ID cards—plain or fancy in just two minutes

With a Polaroid portrait identification card, a glance tells you whether the person matches the picture. But an ID card should do more: It should suit the conditions of use. For that reason we've developed all sorts of ways to make our ID cards more convenient for both the user and the issuer. In addition to our standard highly secure cards that can be carried or worn as a badge, we have others with more sophisticated functions.

For instance, there's a card which can be punch-coded. We have a card which can be encoded to act like a key. We have a new card combining a magnetic stripe with a portrait and an embossed name and number.

But you don't have to worry about choosing the right card. We have specialists who can analyse your security problem and come up with the right answer for your special needs.

One thing you can be sure of: whatever card you choose, you'll know it is the most secure ID card you can use.

For more details on these cards and a demonstration of the ID3 system, write to Polaroid New Zealand Limited, P.O. Box 37-048, Auckland, or telephone Peter Komorowski collect on Auckland 771-662.

**Polaroid**

**Broadbank**

For Securities Trading

# NBR BUSINESS WEEK

## McLay sets framework for commercial reform

by Peter V O'Brien

JUSTICE Minister Jim McLay has expounded the philosophy that he wants to apply in promoting and passing commercial law reforms.

McLay gave the annual dinner of the Finance Houses Association a statement of his philosophy last week. The sceptical would say his generalities have to be judged against a background of Government action in the areas to which he addressed himself.

McLay's comments could come back to haunt him if

people examine current and future government legislation within the framework of his philosophical principles.

McLay had five points. The first was the currently popular enunciation of belief in private enterprise — an appropriate starting point since the address was given to the nation's financiers in the panelled dining room of the Wellington Club, under the portrait of bewhiskered early president Brandon gazing severely at the back of McLay's head as the port did the rounds.

"First there is the belief in

private enterprise and free competition; and the firm conviction that it is the private sector that is more efficient and better able to handle most enterprise particularly commercial enterprise. If we have learned nothing else, in the years since 1935, we are now aware of the danger of allowing an all powerful state to conduct our affairs.

"The Government's role should be no more than to create the necessary conditions within which commerce, industry, the professions, art, literature and

education can thrive and prosper to the benefit of the whole community."

A fine principle, which could be applied usefully in the field of transport licensing, the ability of private enterprise to compete with the railways, the State-owned airline, and local body transport. Perhaps McLay meant existing commerce, industry etc to the extent to which they do not enter areas which the State has marked out for itself.

McLay elaborated his first principle: "at no time since the days of the early settler

circumstances... than I better provided by than I operate in the market itself."

Thus, apparently, to a home for people on the administrative and legal bodies which regulate control industry and commerce.

McLay was, of course drawing attention to the composition of the State Commission, a body which comprises people who have operated in the marketplace. But a philosophical principle is an unfortunate generalisation, which he is usefully examining in his fields.

Finally, McLay had a philosophical conclusion: "That it is an efficient profitable private sector provides more and better and working conditions and greater investment and production and export earnings."

Application of that principle has wide reaching effect once referred here to received the second initiation from public looking for a place: "businessmen who are socialists when the loss and capitalisation make a profit".

There would be little quarrel with the Securities Act, but McLay could usefully bring his philosophical point to the attention of his brethren holding the portfolios of Transport, Works, Trade and Industry, Overseas Trade (in the field of a limited number of licences to export particular types of produce, which the licenceholders often present badly, and Immigration (trying to fit an overseas person into the categories of desired immigrants).

McLay said his third point was his non-acceptance of the proposition that "private industry and commerce (being concerned as they must be with efficiency and profitability) are incapable of acting in a socially responsible manner."

Good stuff, which might be pointed out to his leader when the latter is next prompted to wave sticks at whatever target may be attracting his attention.

The fourth McLay principle was self-regulation. "I believe that, if there is a need for regulation and control — and I think we all accept it in certain

circumstances... than I better provided by than I operate in the market itself."

Thus, apparently, to a home for people on the administrative and legal bodies which regulate control industry and commerce.

McLay was, of course drawing attention to the composition of the State Commission, a body which comprises people who have operated in the marketplace. But a philosophical principle is an unfortunate generalisation, which he is usefully examining in his fields.

Finally, McLay had a philosophical conclusion: "That it is an efficient profitable private sector provides more and better and working conditions and greater investment and production and export earnings."

Application of that principle has wide reaching effect once referred here to received the second initiation from public looking for a place: "businessmen who are socialists when the loss and capitalisation make a profit".

There would be little quarrel with the Securities Act, but McLay could usefully bring his philosophical point to the attention of his brethren holding the portfolios of Transport, Works, Trade and Industry, Overseas Trade (in the field of a limited number of licences to export particular types of produce, which the licenceholders often present badly, and Immigration (trying to fit an overseas person into the categories of desired immigrants).

McLay said his third point was his non-acceptance of the proposition that "private industry and commerce (being concerned as they must be with efficiency and profitability) are incapable of acting in a socially responsible manner."

Good stuff, which might be pointed out to his leader when the latter is next prompted to wave sticks at whatever target may be attracting his attention.

The fourth McLay principle was self-regulation. "I believe that, if there is a need for regulation and control — and I think we all accept it in certain

## Analysing annual accounts

by Peter V O'Brien

ODLINS Ltd is a big company, but the annual report has deficiencies which are out of place in an organisation with total assets of \$80.5 million and a turnover of \$109 million.

First is the question of divisional accounting. Odins is engaged in industries ranging from land development and housebuilding to electrical appliances, and has associate companies involved in furniture manufacture export of logs and wood chips, and other diverse activities.

The report has a chart breaking the group organisation into five main divisions, and a list of associated companies. But sales are lumped into a global total, and, apart from vague references to the year's trading in the managing director's review, it is impossible to calculate each division's performance.

Anyone with a knowledge of the economy understands that housebuilding and related activities are depressed, and likely to remain that way for some time, although they are told Odins' results "reflected an improvement in the performance of our land and housing division".

But what do they make of the general statement about total group turnover: "This encouraging increase in turnover was achieved by obtaining a larger share of the reducing market for builders' supplies, by extending our activities into local areas of trading not previously pursued and by expanding our export markets

and consequently increasing our export sales".

What new areas of trading? How much did export sales return? The report says exports were 24.2 per cent higher in value than in 1978, before taking account of exports made through associate companies. What was the base from which the 24.2 per cent was struck?

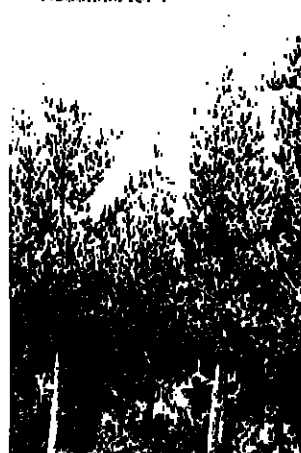
The point is relevant when one looks at Odins' tax provision. The company had pre-tax trading profit of \$1,320,003, compared with \$1,895,888 in the previous year. The tax liability was \$1,262,461, or 29.16 per cent of pre-tax earnings. In 1978 the group paid \$883,219 in tax (20.82 per cent) after taking in a stock adjustment allowance of \$502,008.

The statement of accounting principles has the usual comment on taxation: "The charge for income tax is the amount of the estimated tax liability calculated at the company rate of 45 cents per \$1 in respect of the accounting profit reported for the year after making allowances for concessions, including export market development expenditure, export incentives, investment allowances and development expenditure relating to afforestation and farming" (NBR emphasises).

There is a considerable difference between a concession for export market development expenditure and an allowance for development expenditure "relating to afforestation and farming", but

### Odins Limited

Annual Report and Accounts 1979



No reader will discover which allowance or concession provided which amount of tax relief.

The group reveals expenses, and that is a credit point. The statement of expenses shows that materials services and

"sundry expenses" increased 8.9 per cent over 1978, compared with a 10.9 per cent lift in turnover, excluding sundry income. Salaries, wages and other items connected with remuneration went up 9.4 per cent, so the group imposed light cost controls.

The structure of the balance sheet reflects the changing trading patterns in Odins' industries. Rises of \$6 million in both current assets and current liabilities are broken down fully in the notes. The movement in current assets related particularly to a \$4.1 million increase in stocks, of which "timber and joinery" contributed \$1.2 million, the Zip Industries subsidiary \$1.83 million, and Tingeys \$840,000. Holdings of housing and land were down \$500,000 on the previous year. Debtors moved up a reasonable \$2 million from the \$16.8 million in the 1978 report.

On the liabilities side, creditors increased \$4.2 million, while the current portion of term liabilities went

from \$1,819,920 in 1978 to \$3,553,699 last year.

The company may be taking action now to refinance that money, and will find any new funds more expensive than the amounts shown in the balance sheet.

Odins' interest rates on mortgages and term loans are listed in three groups: between 5 and 7.5 per cent (\$257,852); 8 to 10 per cent (\$712,154); and 10.5 to 12.75 per cent (\$1,960,547).

Interest rates on registered debenture stock at balance date were: 6.75 to 8 per cent (\$2,847,248 — happy days); 9.75 to 10.5 per cent (\$1,501,800); 11 per cent (\$3,811,400); and 11.5 to 12.5 per cent (\$1,328,755). Those rates are unlikely to be seen this year unless Odins has a fairly godmother-father, and new funding will increase the current interest bill.

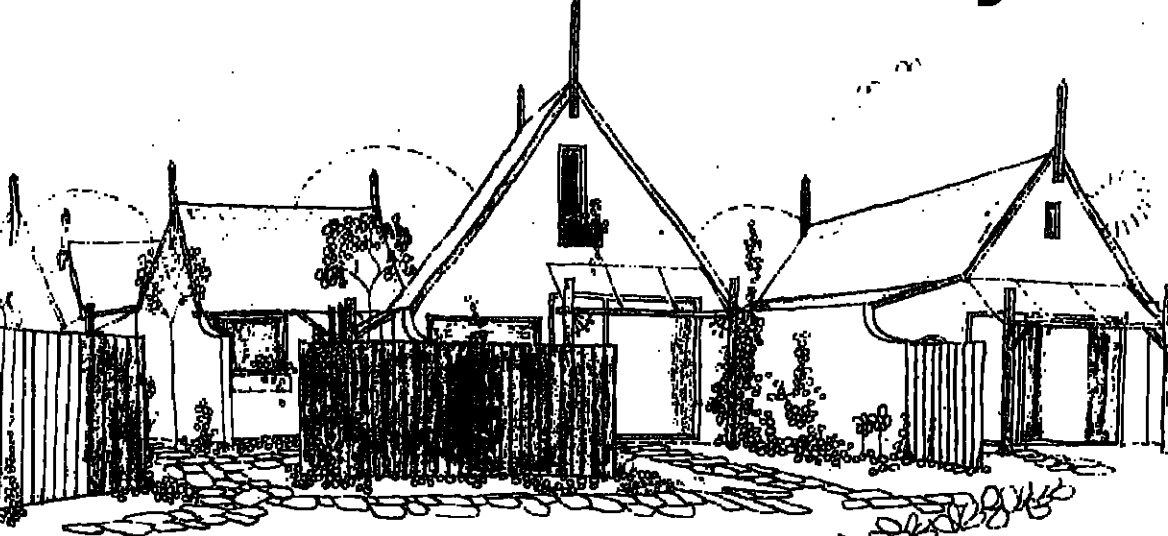
Total interest payments last year were 2 per cent of turnover. If the company can lift turnover significantly this year and in 1980-81, it may

maintain the ratio. The schedule of debt repayments suggests that the dollar outflow will rise substantially in each of those years, unless debt is financed from internal sources.

The company is in reasonable financial shape, but the return on funds has slumped to an unsatisfactory level. Odins earned 7.55 per cent on average shareholders funds last year, after allowance for minority interests in group profit, compared with 9.27 per cent in 1978, 15.65 per cent in 1977, 14.21 per cent in 1976 and 17 per cent back in 1975 (more happy days).

Some assets were revalued over that period with a consequent rise in capital reserves, but the return on shareholders funds has deteriorated significantly in real terms. Trading profit after tax is still \$1 million below that of 1977, reflecting the state of the economy, although the directors are still optimistic in the longer term.

## Introducing The 40 year inflation-proof holiday



A unique opportunity has arisen for you or your company to have a luxurious holiday villa set aside at THC Wairakei for one week every year for 40 years.

It's called time-sharing, and it's already the greatest vacation idea to hit Europe and America in the past decade. **Here's What You Get.**

One time-share at THC Wairakei entitles you to a newly completed luxury villa with two fully furnished bedrooms (each with its own bathroom and colour TV) lounge room and fully equipped kitchen.

**Plus** Access to all the facilities of an international resort hotel.

**Plus** No further property expenses. Even your electricity is paid for. All you buy is food, drinks and other personal items.

Full maintenance, refurbishing every ten years if required, and the right to

sell, transfer, gift or mortgage your time-share at any time. Your time-share investment can be financed through NZ Finance Ltd.

**Plus** Three years free membership to Resort Condominiums International (RCI) which means you can exchange your time-share week for equal time at a luxury resort overseas.

**Almost Half-Tariff.** Depending on the time of year you choose, your time-share investment will cost you \$9,950 at most, or \$6,800 for "low season". Present Villa rates top \$70,000 a night. You'll pay only \$35.34 and it won't change for 40 years.

Post this coupon today for full details of this incredible offer and a personal invitation to meet a representative of THC will be arranged at a convenient date.



Tourist Hotel Corporation of New Zealand

Send this coupon to: THC Wairakei, PO Box 2340 Wellington.  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
Phone Number \_\_\_\_\_  
Occupation \_\_\_\_\_

## National Bank Base Rate

The National Bank of New Zealand Limited announces with effect from 17th August 1979 its Base Rate for lending is 9 1/4%.

The National Bank of New Zealand Limited

## Key indicators

	Current Period	Previous Year	% change	
Consumers Price Index — all groups base Dec 1977 = 100	June 79 Qtr.	1177	1947	+12.09
Building Permits Issued	Feb 79	9120.1m	567.7m	+23.99
Official Unemployment	Feb 79 & F	1104.1m	1109.7m	+1.2
	June 1979	352.2m	394.7m	+9.26
Registered Unemployed — incl those on special work schemes	July 1979	31,064	46,891	+8.9
NZUC Share Price Index	14 Aug	346.73	325.09	+6.2
Reserve Bank Share Price Index	14 Aug 79	1474	1372	+7.4

## MOTOR NEWS INDUSTRY

NOW AVAILABLE IN NZ—  
A new fortnightly News Bulletin for the Motor Industry

NOT A DIGEST OF PRE-PRINTED 'HAS-BEENS' BUT AN INSIDE OVERVIEW OF FACTUAL AND INFLUENTIAL MOTOR INDUSTRY NEWS ORIGINATED RIGHT AT ITS SOURCE



Annual Subscription — ONLY \$62 (covers 25 issues)  
Multiple copies at half price

**SPECIAL OFFER!**  
Subscribe now and receive a FREE Vinyl Binder Cover. Complete the coupon below and forward to—  
Braynart Group Ltd, P. O. Box 1388, Rotorua.

Name ..... No. of  
Company ..... Copies  
Address .....  
Cheque enclosed or charge to my credit card as follows:  
☐ Amex ☐ Bankcard ☐ Diners ☐ Visa  
Expiry Date ..... Signature .....

## UDC in Construction

UDC has provided money for machinery and facilities totalling many millions of dollars so that New Zealanders can face the future confident that their power and manufacturing requirements are well catered for.



We like to think that it's a symbol of our role today... making every dollar do big things for New Zealand. Whenever you think of money, think of UDC... and how they help you and New Zealand's future.

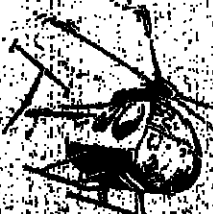
## UDC in the Management of our Resources

UDC has particular affinity with the timber industries — ensuring that operators have the equipment to manage our timber resources efficiently and wisely.



## UDC in Industrial Exploration

New Zealand is blessed with many resources — but more must be found, developed and utilised. Once again UDC is there... ever present to listen, to encourage, to help.

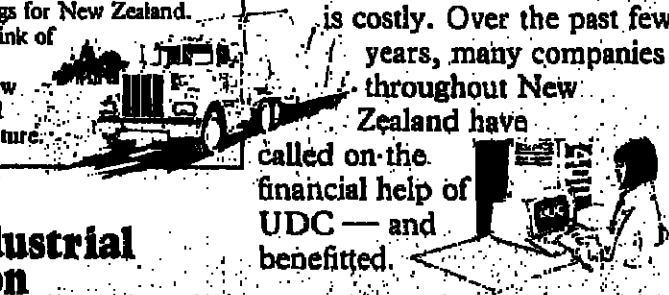


## UDC in Transport

For both the convenience of New Zealanders and the ever expanding influx of tourists, UDC is deeply involved in financing inland travel, motels and hotels throughout the country.

## UDC in Commerce

UDC are fully aware that the hardware required for efficient management... is costly. Over the past few years, many companies throughout New Zealand have called on the financial help of UDC — and benefited.



Making every dollar do big things for New Zealand.







# HERTZ. WINNING BY PUTTING YOU FIRST.

Winners don't come second. In America, South America, the U.K. and Europe, Hertz has consistently offered more cars, more locations and more innovations. Now we're winning in Asia Pacific.

We're growing faster than our competitors in Asia Pacific and we're doing it by putting you first.

**HERTZ HAS THE WINNING NUMBER.**



fine Hertz car for you virtually anywhere in the world.

**PLASTIC THAT'S WORTH ITS WEIGHT IN GOLD.**

A Hertz credit card offers you instant rent-a-car credit at any Hertz location. All you get billed for is the cost of the rental. The Hertz Corporate Discount Plan allows your company to rent more Hertz cars and pay less for them. With Hertz, more business means smaller bills.

To find out more about the Hertz Credit Card, or the Hertz Corporate Discount Plan fill in the coupon. Send it to Hertz Asia Pacific Regional Office, 55 Lavender Street, Milsons Point, Sydney, New South Wales, 2061.

We'll send you application forms, information and a voucher for \$US25. It entitles you to \$US25 off your first rental with a Hertz credit card in Asia Pacific.

Hertz puts your pocket first too.

American Samoa - Australia - Fiji - Guam - Hawaii - Hong Kong - Indonesia - Japan - Malaysia - Nepal - New Caledonia - New Hebrides - New Zealand - Norfolk Island - Papua New Guinea - Philippines - Salpan - Singapore - Sri Lanka - Tahiti - Thailand - Western Samoa

We have 4,000 locations throughout the world. We recently won all 58 key Australian airports. We have more airport locations in Asia Pacific than any other car rental company. And, we are now open in Indonesia. To put you first we can't come second.

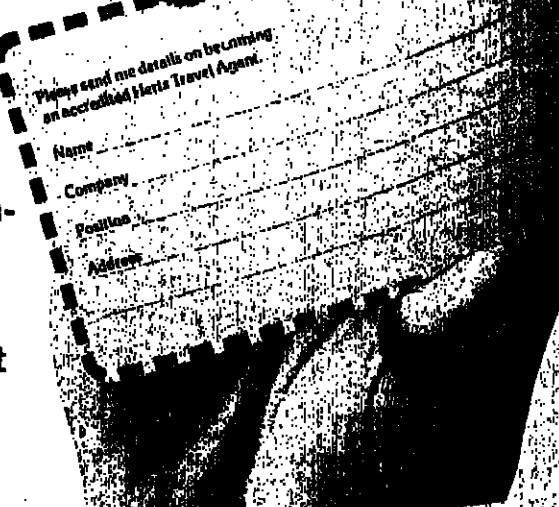
The Hertz world wide fleet features Ford cars and trucks of just about every size and description. The vehicles we offer in Asia Pacific make us twice as big as our nearest competitor.

**RENT FROM THE WORLD'S NO.1 THROUGH JAPAN'S NO.1.**

In Japan you needn't be without Hertz. We have an exclusive relationship with Nippon Rent-A-Car Service, Japan's No. 1.

Like Hertz, Nippon didn't get to be No. 1 by being second in service and quality. Before leaving Japan for an overseas trip call Nippon. They can arrange a

\*Japan's largest car and truck rental organisation. Hertz rents Fords and other first class cars.



## Free enterprise tips Honey Bd power balance

by Warren Berryman

FREE enterprise forces have upset the balance of power on the Honey Marketing Authority's five-man board. And the breaking of its monopoly on exports is jeopardising the authority's existence. (See NBR, July 18, 1979).

Agriculture Undersecretary, Ron Talbot, opening the National Beekeepers' Conference, put the options thus: "Either a funding levy borne by the whole industry and the authority must have complete control over exports."

"To me the thought of the authority having complete control over exports is not an overly appealing one."

"However, unless the authority is supported by one or other of these two regulative, it cannot continue to act as a stabilising influence by buying honey at a guaranteed price and holding honey surpluses till overseas prices improve."

Beekeepers are split into two major factions. The big operators, mostly from the North Island, pack and export their own honey. They neither supply the HMA with honey, nor do they want HMA interference in their business. South Island producers tend to be smaller and dependent on the HMA to take their honey.

The North Island consumes its total honey production, the South Island produces a 1000-tonne surplus.

Beekeepers Association president and HMA board member Mike Stuckey suggested that the HMA was at a crunch point, it was "time to stop arranging the deck chairs on the Titanic."

"If the authority cannot make a go of it in the commercial world, and this is not yet proven, then it is time to look at alternatives", Stuckey said.

Stuckey suggested that South Island producers form their own co-op with a self-imposed HMA. And North Island producers could be left to pack, market, and export as free enterprisers.

South Island producers are not united in their support of an export monopoly for the HMA. A section of South Island beekeepers produce honeydew, a honey from bees who gather exudates of scale insects living on beech tree sap.

This honey has a flavour distinct from nectar honey. The honeydew producers want to be excluded from HMA control over exports.

Stuckey's suggestion obviously found no favour with the Government, which was pushing for continued control over the industry and a system whereby North Island producers would have to pay a levy to an HMA they did not supply, and claimed they neither needed nor wanted.

But Stuckey's suggestion is likely to receive serious consideration. The HMA's total throughput is about 2000 tonnes of honey a year; only 600 tonnes of it comes from the North Island.

Throughput for the HMA's Auckland plant is too little for economic operation of the present facility. This situation is being reviewed.

At the same time the HMA is expanding its facility at Pleasant Point, near Timaru. The likely outcome is a big honey plant in the South Island and a mere distribution point in Auckland — an ideal setting for the North Island producers to hand the whole HMA, together with its restrictions, to the South Islanders.

But the meeting did not go this far in its decision making. It agreed to review the situation only.

As to the future viability of the HMA, the meeting rejected calls for an industry-wide levy and or restrictions on exports by the HMA.

The meeting decided that in future the HMA would not be forced to accept all honey as was the case in the past.

The HMA can now select the honeys it wants to buy according to market criteria.

The HMA would thus give up its stabilisation role and transform itself from a producer oriented body to a marketing body — not an easy transition for a producer board.

To do this the HMA would be competing with private interests and the heated argument between pro and anti-HMA beekeepers will be undoubtedly exacerbated.

It is also unlikely that the HMA could survive in the North Island in competition



RON TALBOT . . . sets out options.



PERCY BERRY . . . slams the Government.



ROB MULDOON . . . brings financial pressure.

with private producer packers — unless Government forced a levy on the non suppliers of the HMA.

The Government came in for some strong criticism from Percy Berry. Quoting from a letter signed by Prime Minister Rob Muldoon, Berry said: "The Minister was

clearly making three demands; that we discount the already low priced honey on the local market — this in export year and apparently in direct contravention of Government's own declared policy of financial assistance to exporters."

"That the base price for this year be reduced from 81 cents

to 77 cents per kg to keep the overdraft lower," the HMA operates on a Reserve Bank overdraft at concessional interest rates and Government has been urging them to reduce this overdraft.)

"The industry underwrite its own stabilisation measures," Berry criticised Govern-

ment for bringing financial pressure on the HMA.

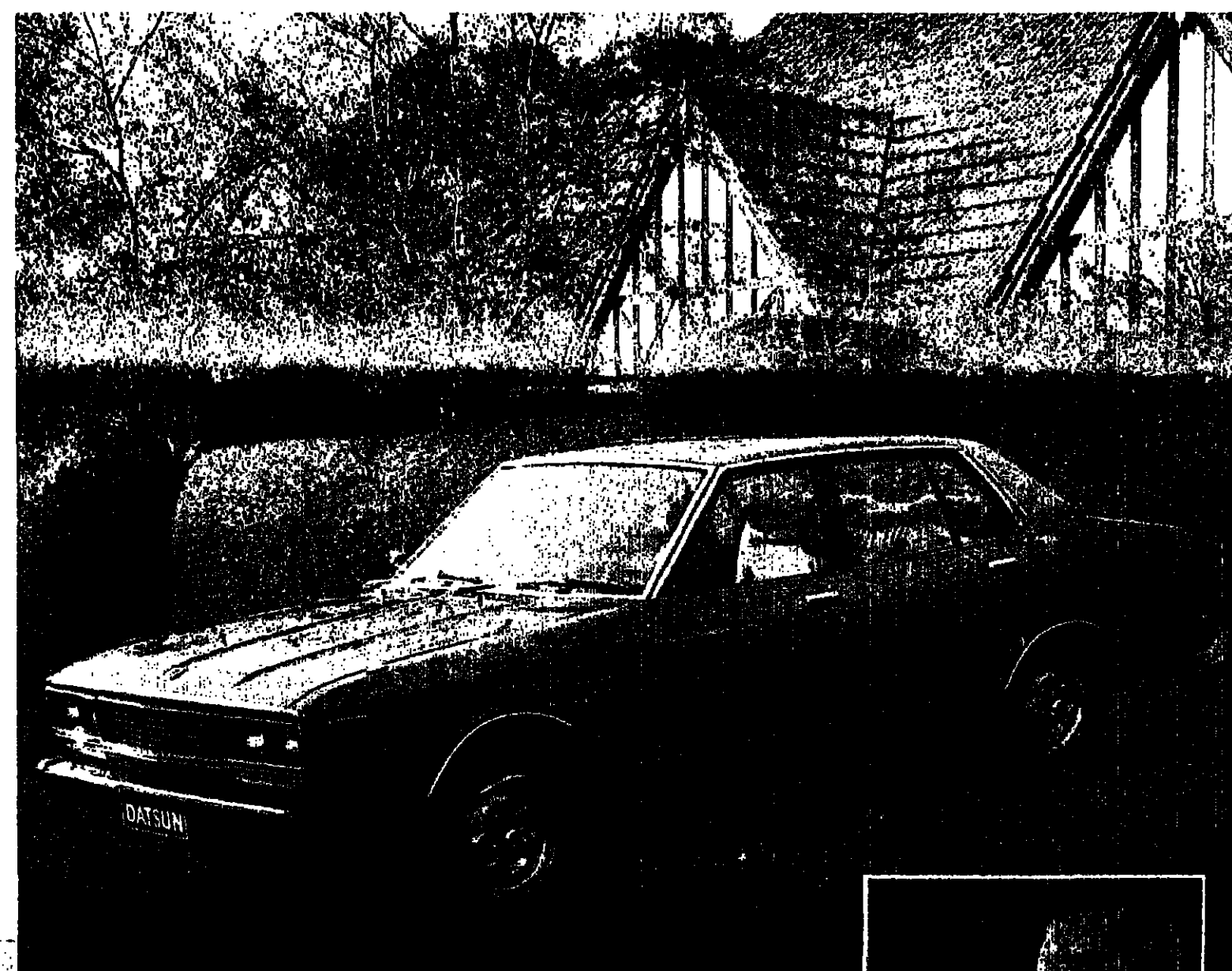
But the Government won one round. The ascendancy of the free enterprise directors to the HMA board was due in large part to the voting system which gives plural votes to large scale beekeepers.

The meeting adopted a resolution put forward by Government that the voting system be changed to one vote per each 100 hives with a minimum of 12 votes.

The former system allowed one vote for 25 hives, with a maximum of 100 votes.

The new system favours the small beekeepers, and the South Islanders and is likely to change the balance of power on the HMA board when Stuckey is up for re-election next year.

At that time Stuckey is likely to lose his seat to an HMA supplier which will leave two suppliers and two non-suppliers on the board and the balance of power held by the Government member.



**DATSUN 200BZX**  
*the Real 2-litre*

Economy, power, prestige and all the fringe benefits.

This is a Datsun four-cylinder masterpiece in a powerful new executive capacity. Datsun 200BZX — the real two-litre.

It's a luxury package that delivers real value for money in every way. From discreetly up-to-date good looks to elegant interior furnishings and appointments. From two-litre, 82kW (110 bhp) power-to-apart, to the quiet, smooth, enjoyable ride that comes with variable-ratio steering, chunky radials and four-wheel independent suspension.

Datsun 200BZX is all this, plus unbeatable high performance and renowned Datsun reliability. A two-litre luxury sedan that delivers the greatest economy of all... quality.

Visit your Datsun dealer, now, and experience it all.

Executive-suite luxury

Datsun 200BZX goes further in comfort and convenience with these standard luxury features: plush velvet buttoned seats; Landsdown cut-pile carpet, door-to-door, and in the boot; driver's door mirror; remote boot release; centre console lock; front and rear map pockets; multiple ashtrays; passenger vanity mirror; tachometer; ammeter; oil pressure gauge; digital quartz clock; intermittent windscreen wipers; front and rear central locking; gold enameled wheels; wide radial tyres; variable-ratio steering; 18" radius column; four-wheel independent suspension; power brakes; fixed glass all-round.



NOBODY DEMANDS MORE FROM A DATSUN THAN DATSUN.

**DATSUN**  
We are Driven.

**NO OTHER 2-LITRE GOES THIS FAR.**

Nissan Motor Distributors (NZ) 1975 Ltd, L.M.V.D.

WAB 84781











## Agents force showdown

WE have read the articles in your July 11, 18 and 25 issues with considerable interest.

The Travel Agents Association of New Zealand is determined not to let the current investigations into alleged cut rate fares sold by the Link drop.

We have deliberately kept silent in order to allow the Ministry of Transport to develop their inquiry without publicity. However, since your July articles, we have kept in close contact with the ministry in a concerted effort to ensure that changes will be levelled against Link if the evidence warrants it.

We have no ulterior motive in trying to force a showdown. We believe that any fare or tour programme being sold should be available to all consumers and not restricted to a privileged few.

We absolutely refute allegations made in your July 25 issue that we do not consider the consumer. The consumer is our livelihood, so why should

we do anything that is likely to reflect on our business.

We have requested the Ministry of Transport to act on information supplied by our association.

Our desire is certainly not to force the closure of Link but purely to ascertain whether its methods of operating are legal or illegal within the law. If the inquiry proves that the Link's methods are legal then all travel agents must be allowed to offer the same advantages to all their clients.

The statement in your July 25 issue concerning "TAANZ fares" is quite incorrect. There is no such thing as TAANZ fares.

As agents for the airlines, we sell the legal fares offered by all airlines and we sell for and on behalf of these airlines as their agents. The Ministry of Transport sets the fares and they are administered under the International Air Tariff Regulations 1978 instigated by Government.

We always work in the best interests of the consumer and believe in open and fair competition in the market-

place. The policy of the association is quite clear.

(1) Are the International Air Tariff Regulations 1978 to be enforced or not?

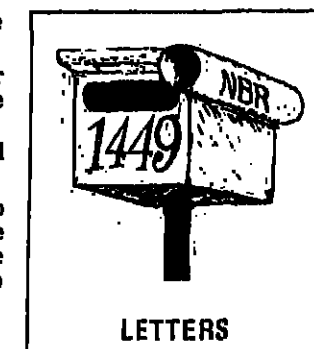
(2) If not, then they should be abolished.

(3) If the Regulations are to be enforced, then are the current discounted fare packages in the form of club subsidies legal or not?

(4) All consumers in New Zealand must have the advantages of purchasing the most competitive fares available, through the travel agent of their choice. We believe strongly in the consumers' freedom of choice and TAANZ will fight to see that all consumers are not disadvantaged.

Our association members are bonded for the consumers' protection and we strive to render a high level of service to the consumer, thereby establishing that membership of TAANZ will ensure a high standard of competence, integrity and ethics.

Peter J Lowry  
Executive Director  
Travel Agents Association



## Chapman shies from policy

MR GEORGE Chapman has announced his six point programme for 1979.

Members and prospective members of the National Party will note that, although he is the party president, he has expressed no interest in the party's aims and objectives. Just the old shibboleths about canvassing, fund-raising and attracting young people — as if policies did not matter.

The Chapman programme is one of self-perpetuation

which might be equally suited to any political party.

Those interested in free enterprise may now feel they will be making a better contribution to the cause by joining an organisation like ASENZ (Association for the Survival of Enterprise in New Zealand) whose address is Box 32, Silverdale.

M J Sampson  
General Secretary  
ASENZ

## Beekeepers face future

MY attention has been drawn to Warren Berryman's article (NZBR July 18) "Free market drive threatens to liquidate honey industry".

Although the substantive information in the article about the situation facing the honey industry and the authority is correct, the article incorrectly describes the paper received by beekeepers as being my paper. As a number of persons, both within the industry and from outside, have misunderstood the situation through reading the article, I thought I should set out the actual sequence of events for the sake of the record.

The problems facing the authority, and the requirements for it to continue operating as it had, were placed before the board by me in the form of a discussion paper, with the intention that the authority, after considering the paper, should determine a course of action for the future. No options were listed in my paper.

The authority, after considering my paper in detail, resolved unanimously that there were in fact six different options for the future, and that a newsletter should be sent to all beekeepers setting out the reasons why the authority could not continue without restructuring its finances and

organisation, and setting the options for the future. The authority felt that any change in its future should be referred to a referendum, and that the matter be put before the recent meeting for consideration.

The newsletter sent out thus the authority's paper, mine, although it is not many of the points which put before the board, subsequent newsletter sent by the authority's chairman quoted some further comments from my paper to the board and added some further comments of his own.

D A Howe  
Government Representative  
NZ Honey Makers' Assn

## Policy yield draws fine line

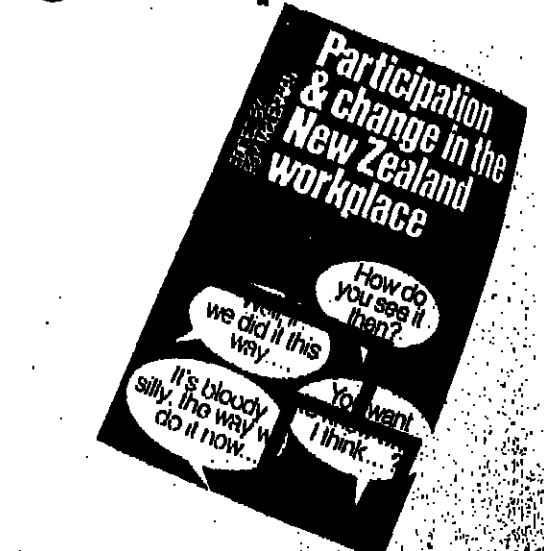
MR J R Hunter's criticism of recent rate of rise on yields is quite justified. I had looked only at the rate of inflation on returns in terms, he rightly points out, that I had mis-stated the rate of inflation in the past, as well as for tax exemption maxima culpa.

Mr Hunter, however, is quite right in saying that the requirements for it to continue operating as it had, were placed before the board by me in the form of a discussion paper, with the intention that the authority, after considering the paper, should determine a course of action for the future. No options were listed in my paper.

The authority, after considering my paper in detail, resolved unanimously that there were in fact six different options for the future, and that a newsletter should be sent to all beekeepers setting out the reasons why the authority could not continue without restructuring its finances and

organisation, and setting the options for the future. The authority felt that any change in its future should be referred to a referendum, and that the matter be put before the recent meeting for consideration.

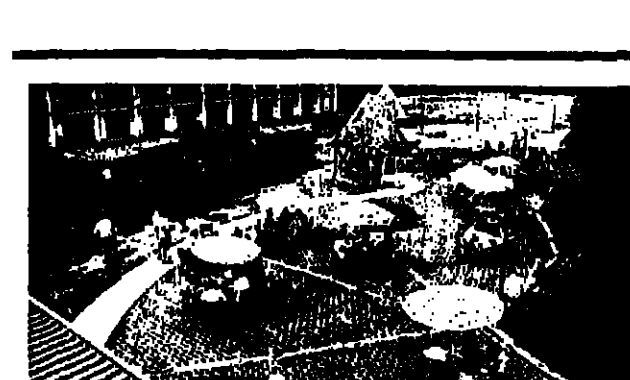
## Participation... key to greater productivity



## N.Z. case-studies in important new management methods

"It is imperative that we re-orient our work to the radically changed circumstances of our country."

So says Roy McLennan, senior lecturer in Administration at Victoria University. His new book, *Participation & Change in the New Zealand Workplace*, is a highly readable introduction to how participation and change in the workplace works in theory and in practice. The book is published by Fourth Estate Books, good bookshops, or direct from Fourth Estate Books, P.O. Box 9344, Wellington. It is available on a 14-day trial basis.



BUY your holiday dream home for the next 40 years and beat inflation.

The scheme is called time sharing and the hotel industry is hoping the New Zealanders will be eager to buy and revitalise their industry.

For several years building new hotels, despite the shortage of accommodation in Auckland and Wellington has been an unattractive proposition.

Interest rates on borrowed capital have been high and room rates subject to price control. Payback periods have been lengthy.

Now three major tourist operators — Tourist Hotel Corporation, Trans Holdings and Fletcher Development and

## Hotel industry pegs hopes on sharing plan

Construction Ltd through Vacation Hotels — are hoping to tap a new source of funds, the holiday maker.

Time sharing, as the concept is known, developed from the computer world through the idea of European and the development of American.

Instead of one person building a holiday home, many get together and split the costs. Time sharing is refining the concept offering a week a year in a luxury unit at Wairakei for 40 years. The cost \$10,000.

THC's general manager Tony Young says the concept is primarily a marketing one rather than financing, though it will allow the redevelopment of Wairakei.

Twenty, two bedroomed, fully furnished and equipped villas will be built around the hotel on land THC already owns.

Up to 25 per cent of the time will be sold at high, mid and low season rates ranging from \$950 to \$6800. THC claims all the money realised will be invested in the construction of the units and additional facilities including another tennis court, squash court, sauna, coffee bar and disco.

Buyers will get "a licence to occupy", a title to one week's occupation for 40 years. It will be marketable and the New Zealand Insurance Company has agreed to grant mortgages against it.

The unused time will be used by the Wairakei Hotel and the profits used to pay the running



investigation work is looking at the security aspect of that investment," he said.

But the concept does bring capital and people with a commitment together to breath new life into the ailing hotel business.

"New Zealand is not a place for the traditional hotel developer," Mundell said. Fletcherers are looking at time shares from the development angle, however, and to give another subsidiary construction work.

Having built time share units, Fletcherers will pass them on to Vacation Hotels to manage. Taupo is likely to be the first target though the company is eager to get into the Bay of Islands. South Island and tourist centres might

also be catered for and Fletcherers have an interest in a time share development in Fiji.

Macleod admits the concept might be difficult to sell to New Zealanders. "A person cannot treat it as a beach which he can take off to when he wants to."

But Fletcherers have done extensive research finding out what people do and what they would like to do for holidays.

Fletcher's also intend hiring a marketing consultant with a record of selling time shares in Canada.

Albertans, Macleod says, are from a similar background to New Zealanders, Scottish Presbyterians, and have taken to the concept.

## Bankers edge brokers out of market

Melbourne Correspondent

The Insurance Brokers' Council of Australia has expressed concern at increasing competition from Australia's banks.

In a recent submission to the "Campbell" inquiry into the nation's financial system, the council condemned the sale of insurance over the counter at bank branches.

The major Australian banks have had a long-standing involvement with insurance through subsidiary insurance companies, and the council's submission contends that there is at least the possibility that banks may exploit their lending powers unfairly.

It claims that the trend to sales of insurance at bank branches threatens the very existence of insurance broking in Australia.

Currently the Australia and New Zealand Bank arranges a home and contents insurance package through any of its branches, though the actual policies are underwritten by Commercial Union, one of Australia's largest insurance companies.

To Australia's brokers the banking system now offers a network of "shop front" competition, and their opposition clearly springs from alarm at the potential loss of business threatened by this trend.

Their submission to the Campbell inquiry, however, has been couched in terms of the public interest. The employment of bank branches to sell insurance, it argues, gives rise to the danger that confidential information supplied by customers will be used to gain an advantage for the bank in its role as insurer. There is the further risk, the council maintains, that bank managers will influence borrowers to place their insurance with the bank's service. As one Melbourne broker commented, a businessman with a \$A200,000 overdraft is susceptible to suggestion.

The council seeks to persuade the Campbell inquiry to recommend that bank branches be totally separate from their insurance subsidiaries, with entirely separate staff, premises, records and directors.

Equal exception has been taken by the Australian broking fraternity to the provision of an insurance broking service throughout its branches by the Commercial Bank of Australia. Action was taken by a brokers' association against the CBA before the Trades Practices Commission, but the matter was settled out of court on terms which have not as yet been made public. Many brokers believed that if the trend were not halted Australian banks would add to their role of lender the function of insurer, broker, and possibly even reinsurer.

This must lead inevitably, they argue, to a conflict of roles that was not in the public interest. The beleaguered brokers have also been dealt a serious blow by the New South Wales Government's decision to place all insurance business from the State's public hospitals with its own Government Insurance Office.

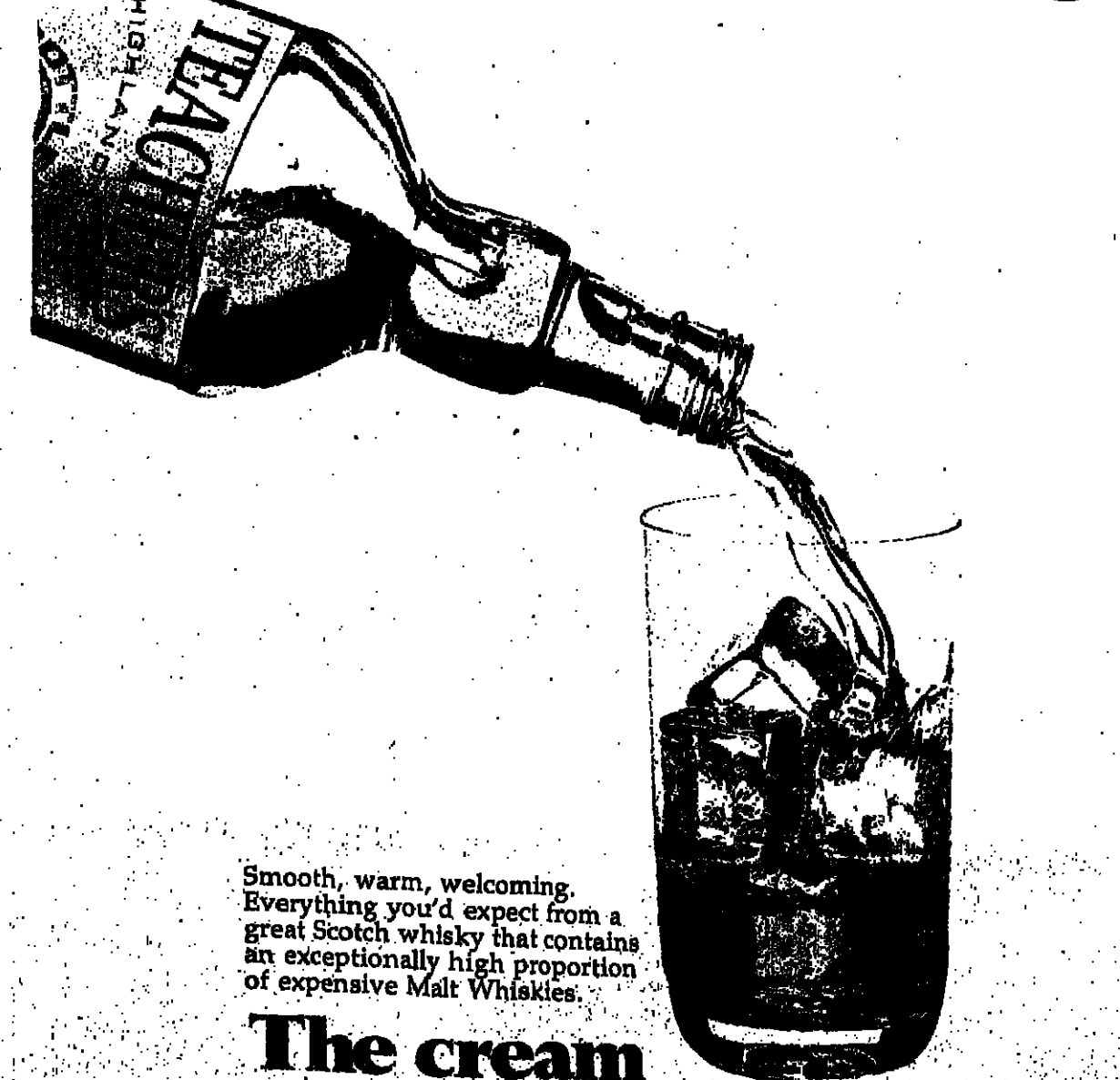
Formerly each public hospital board conducted its own insurance business with brokers who in turn underwrote the business with private insurance companies. Under the new proposals the State's Health Commission will arrange a master policy covering the insurance requirements for all public hospitals.

The move is estimated to bring the Government Insurance Office additional premiums worth about \$A25 million a year, and brokers who formerly handled the hospital accounts are naturally despondent at the loss of commission. The move has been attacked by the Insurance Brokers' Council of Australia as depriving the private sector of business.

It said that some brokers' staff would lose their employment as a result. Even the larger Australian brokers, affected by loss of commission on lower premiums, have already experienced declining profits.

At present too many brokers are chasing too little business to the extent that the Australian Law Reform Commission is concerned about protection of policy holders from broker insolvency. According to the Insurance Brokers' Council there are at present about 3000 brokers in Australia, but the loss of business to Government and to banks may well reduce their numbers in the present highly competitive Australian insurance market.

# TEACHER'S



Smooth, warm, welcoming. Everything you'd expect from a great Scotch whisky that contains an exceptionally high proportion of expensive Malt Whiskies.

## The cream of Scotch whiskies

SINGAPORE  
KATMANDU  
LOS ANGELES  
LONDON

Before setting out to crack the North American and Asian markets, make us your No1 trading partner

Premises, premises! It's not easy to project an image of professionalism to a prospect when you're working out of a hotel room. If you mean business in these important trading regions, it would pay you to move in with us.

New Zealand Trade Centres, Sydney, Los Angeles, Singapore. Three ideal bases for negotiation, right in the heart of each city. Let us explain how, for much less than it would cost you to go it alone, your Resident or Visiting Membership gives you the following entitlements:

- \* Your own fully-furnished office in a prime location.
- \* Secretarial and reception services.
- \* Access to photocopying and telex facilities.
- \* Display space within the complex and an introduction to an efficient warehousing operation.

The close co-operation of other New Zealanders working towards similar goals within the Centre, together with the overall supervision of our Resident Manager.

\* Conference Room. If your company needs to have a man on the spot, whether temporarily or permanently, his office is ready to move into right now.

In the most appropriate of settings, your New Zealand Trade Centre.

## NEW ZEALAND TRADE CENTRES

Kiwi co-operation at its best. Sydney • Singapore • Los Angeles.

For more information please phone your nearest Export-Import Corporation office:  
Auckland: 374-335 - Wellington: 738-110 - Christchurch: 50-197.  
Or mail this coupon to:

New Zealand Export-Import Corporation  
P.O. Box 11-332, Wellington.

Company Name  
Address  
Phone  
Contact



## CRESSIDA.

Toyota announces a rare car.

Cressida combines technology that is uniquely Toyota, with luxury that success deserves.

Here is more sheer comfort and prestige than one might reasonably expect.

A quick two litre engine gives you thrust without thirst—a very responsible consideration for thinking owners.

The instrument display includes, amongst other uncommon delights, a quartz crystal clock and fully integrated cassette stereo.

The front seats are infinitely adjustable,—and the driver's seat embodies a lumbar support zone which you adjust to gently ease lower back fatigue.

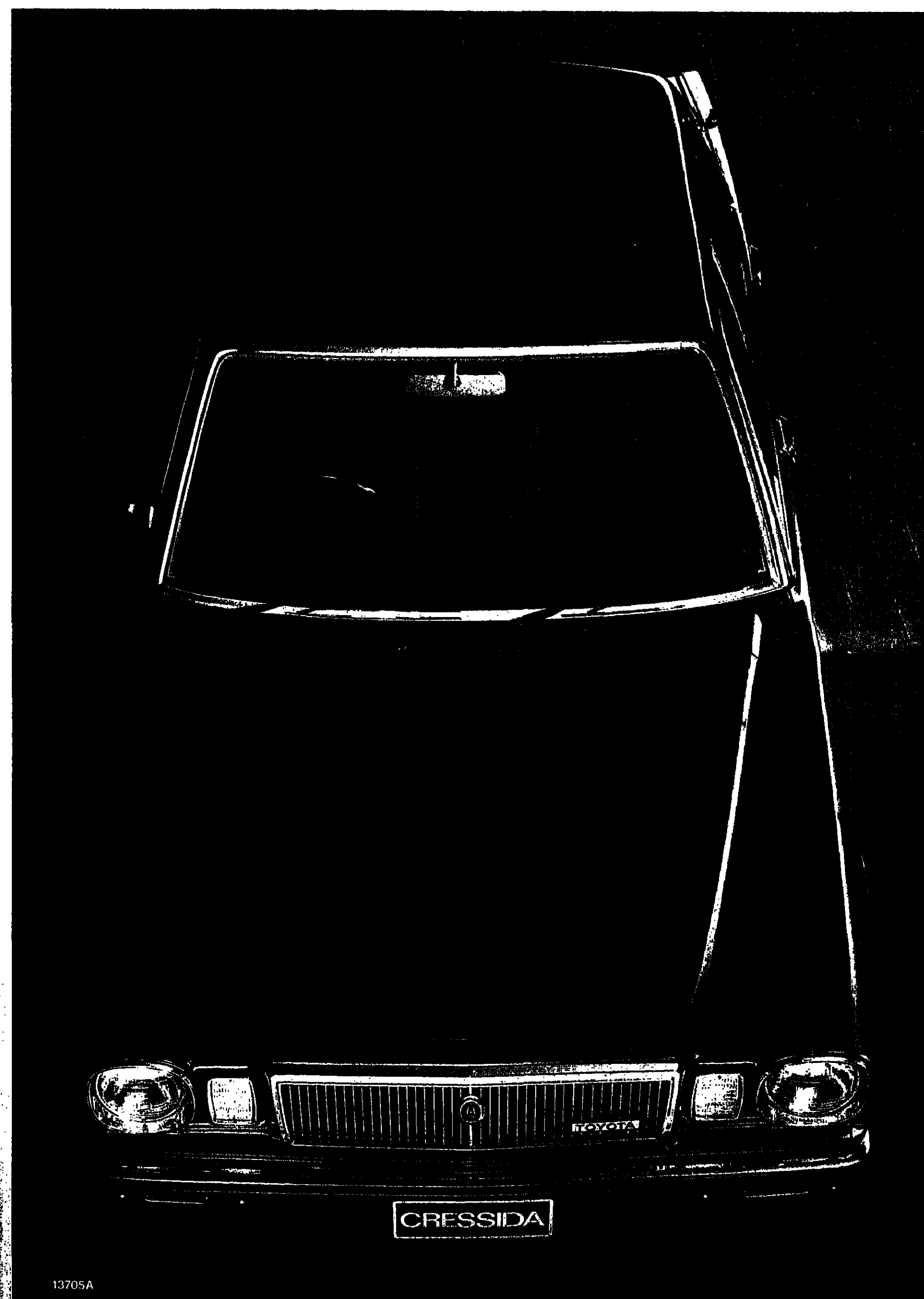
And because Toyota make the Cressida, all this luxury is on top of quality.

Not instead.

Cressida.

At the moment 5 speed manual \$11,300 and automatic \$11,700.

**TOYOTA**  
It's An Investment.





# Jogging, meditation and ear plugs fight jet-lag

by Special Correspondent

AN Auckland accountant's wife often vacuums around her husband as he stands on his head in the bedroom. It is his remedy for jet-lag.

Dysrhythmia, or jet-lag, as it is commonly called, is an affliction prevalent among businessmen and professional people who fly. Hurling through the stratosphere in pressurised, jet-propelled tubes, with a heady combination of food, alcohol, movies and stereo music, their circadian rhythm takes a frequent beating.

It is difficult to emerge several time zones later fit enough in body and mind to take on a dizzying round of business appointments. So how do they cope?

An Auckland group, who hold Air New Zealand Frequent Traveller cards, have diverse remedies.

Philippa Moore, sales director for Auntie Group Industries Ltd in Auckland, swears by an imported German material resembling bees-wax which she moulds into her ears to block out noise.

"It's available only at the chemist in Auckland's South Pacific Hotel and it's the only thing I've found that allows me to sleep in flight," she said.

Jogging and meditation do the trick for Terence O'Neill-Joyce, managing director of Kite Record Company.

Arriving in New York he immediately dons shorts and T-shirt and pounds the city streets until things start coming into focus again. If there is a swimming pool in the neighbourhood he uses that. Or he meditates.

"Don't try to carry New Zealand time with you. The time thing is illusory," he said.

A glass of water drunk every hour alleviates the dehydrating effects of the pressurised cabin for John Williams, general manager of Fashion Fabrics Ltd.

But Neil Mortimer, managing director of Morco Holdings, is a gin and tonic man. Unlike many who sacrifice alcohol and cigarettes to combat jetlag, Mortimer says two cans of tonic drunk with every miniature of gin is a practical panacea.

Supersonic travel and jet-lag are synonymous, according to textile importer Steve Bergquist.

"I flew supersonically from

London to New York and arrived at the same time as I had left feeling like I'd been hit in the back of the head with an axe. Fast supersonic travel is a killer. I was dozy for two days.

"The ideal for comfort is a slumberette on a Boeing 747. I usually try to leave New Zealand Friday night and arrive New York on Saturday night (American time) to have Sunday to sleep it off. They're a bright lot in New York so it's important to be on your toes."

If Bergquist arrives in New York on a weekday morning he makes his appointments for the following day.

Jet-lag is recognised as a physical ailment by many American companies who award their employees suitable compensations.

The American tyre and retread manufacturing firm, B and J Rocket, is one of these. Its New Zealand general manager, Peter Woods, said a director from Chicago allows travelling employees a half day off for each 12 hours they fly.

"Our director is a life member of the Million Miles a Year Club and, chalking up that kind of air mileage, he knows the problems we face," Woods said.

At the time of interview, he had just returned from New Guinea and the Solomons — 22 flights in 14 days. More often he travels to Germany arriving frequently "with blurred speech like an inebriate".

"Germany is difficult enough but spoken in a comatose state it is nonsensical," he said.

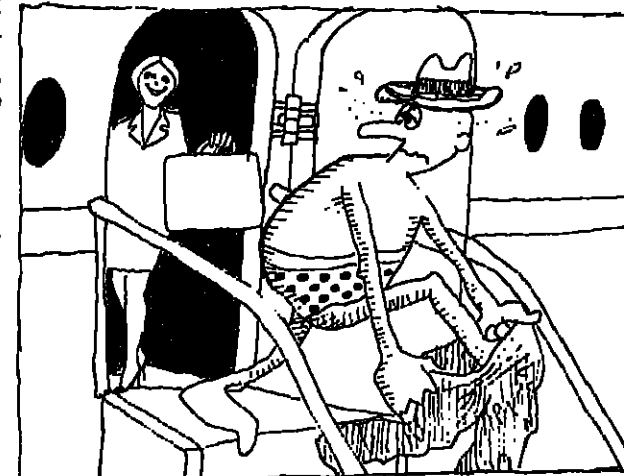
"At a conference in Chicago our director ticked us off for looking half stupid and told us to get some sleep. In America it is vital to be at peak performance."

Woods claims he has trained himself to sleep during long flights. He uses mind over matter to programme himself to relax. He never wears ties in flight but comfortable open-necked shirts, jeans or safari suits.

"In Central Europe they dress like they are off to a picnic and change into suits half an hour out," he said.

Several businessmen said they prefer to fly during daylight hours and arrive at night to sleep.

Lola Holmes uses exercises and milk and Ula maria on the London flights she takes in her



capacity as a tour escort for Atlantic and Pacific travel agency.

"Always stand at transit stops to get your circulation going and prevent ankle swelling and use isometrics during the flight."

"Being a mother I am particularly sensitive to noise so I use ear plugs and cotton bunnies to sleep."

Many businessmen are wary of popping sleeping pills on long flights, but Air New Zealand's principal medical

officer Dr Fred Platts considers the normal dosage of sleeping pills not a bad idea on a long flight.

His advice to businessmen is to rest up if possible before long trips and try to fly during the normal daylight periods, arriving as close as possible to the local bedtime. One or two-day stopovers are advisable on long-haul flights. Exercise in-flight — walking up and down the aisle every three or four hours — and during transit stops is a must to avoid swelling.

He advises eating light and skipping a meal or two on long flights.

"Drink but don't overdo the alcohol. Two or three 3000 metre dry martinis are as lethal as four or five sea-level martinis. An inflight hangover is more painful and lasts longer than one acquired in a bar. Alcohol poisons the tissue cells so they cannot use oxygen properly. With the reduced oxygen supply in an aircraft, the ill-effects become more pronounced."

"If you smoke, reduce in-flight smoking and you will arrive in better shape. Smoking increases the amount of carbon dioxide in the blood, cuts the amount of oxygen (as does alcohol) and compounds the effects of dysrhythmia."

Dr Platts stresses the need to drink sufficient non-alcoholic liquids in the pressurised air of the cabin which contains only 10 per cent of the humidity at ground level.

He says airline crew are five times as likely to acquire kidney stones as other people as a result of dehydration. The heat and low humidity accompanied by the lower aerometric pressure dry out respiratory passages and ocular fluids resulting in scratchy throats and dimming vision.

He recommends comfortable clothes in natural fabrics like cotton or wool which let the body breathe. And once seated he advises taking shoes off to prevent ankles swelling.



*"Your Pinotage creates a real pleasure to the palate of any wine lover."*  
JUNE 1979

"It is a full bodied wine with a certain finesse of flavour, colour and bouquet."



"The wine is fine and strong and will find favour with connoisseurs and judges of fine wine, as well as restaurateurs such as ourselves who must offer quality wines to a discerning clientele."

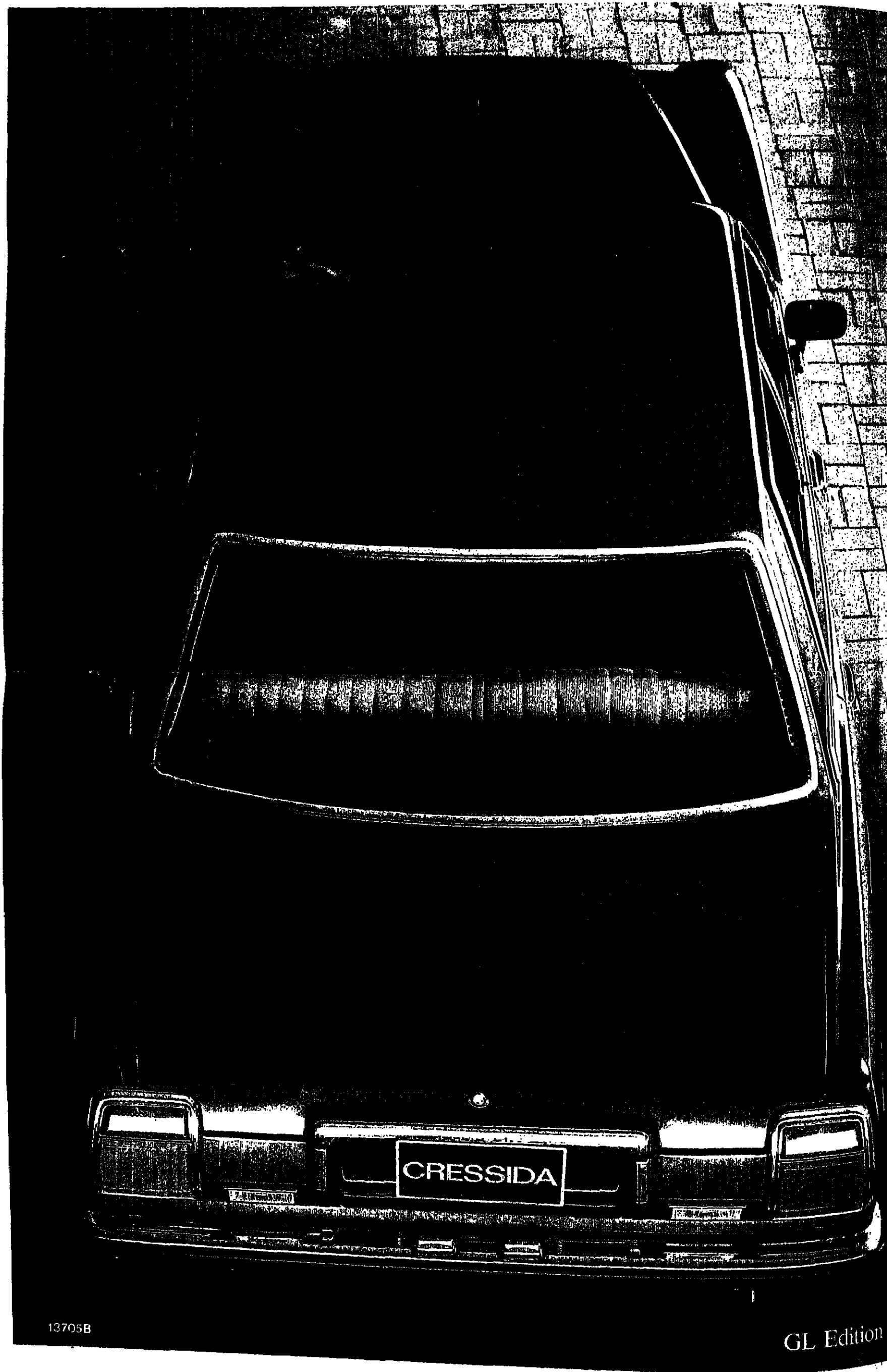


"I can tell that it has been selected from the finest grapes and that it matures well in the bottle."

"It has a mellowness and subtlety of flavour... it creates a real pleasure to the palate of any wine lover."



**MONTANA**  
Leading NZ in the world of wine



13705B

GL Edition

\* Natural Gas  
\* Prime Locations  
\* Attractive Finance  
\* Design & Build  
(to individual requirements)

These are only a few of the features of these choice industrial lots at Auckland's premier development site — Wiri. Available for high pressure Natural gas hook up these well planned estates are close to a large labour force, air, road and rail outlets and large shopping complex. Now available from 1/2 to 7 acres, with main street frontages. Don't make the wrong move... first see the

**Wiri Industrial Estates** for sale or lease  
and be positioned right for the 1980's.

HOOKER MANZEAL LTD.  
phone Auckland 30-150 A.H. 603-076,  
774-372 or your land agent.



كازينو من الامم



# Anti-fluoride campaigners stir public opinion

by Belinda Gillespie  
THE Commission of Inquiry into the Fluoridation of Water Supplies reported to the Government in July 1957 that fluoride in the water was good for the teeth, and harmless. It recommended that local authorities should take the decision to fluoridate, with the consequence that the issue has been of some importance in local politics ever since.

Fluoridation was supported also by an impressive list of scientific authorities, the Ministers of Health in both the National and succeeding Labour Governments, and the Department of Health.

But referenda in eight places in November 1959 all resulted in heavy majorities against its introduction.

The reasons for this decisive rejection of medical and

scientific opinion in 1959 probably hold good for similar rejections in 1979.

Political scientist Austin Mitchell pointed out that the opponents of fluoridation seem small and weak, in comparison with such heavies as the Medical and Dental Associations, the Plunket Society and the large Dental and Medical Colleges of the University. But they are vociferous, and have one great advantage over the supporters of fluoridation. The local authority, through whom fluoridation must be implemented, is at the mercy of public opinion, so its supporters have to handle the issue delicately.

The Health Department's policy was — and still is — to persuade local authorities to introduce fluoridation, at the

same time introducing a low-key educational campaign to tell the public of its advantages.

But events in Hastings — the first New Zealand town to be fluoridated — showed early on that public fears could easily be stirred up by campaigners threatening mass poisoning and the death of human rights.

A number of those who oppose fluoridation are old campaigners. The Soil Association of New Zealand, with 15 branches throughout the country, has an official policy of opposition to the fluoridation of drinking water, and disseminates its views through the Soil and Health Journal, now in its 38th year of publication.

Sir Dove-Meyer Robinson is patron of the association. He holds the same office in the

second of a two-part series in which Belinda Gillespie looks at the flourishing anti-fluoride lobby. Political scientist Austin Mitchell in 1964 identified the fluoride furor as "an illustration of the way in which public opinion functions on a scientific and medical question of a type that may be increasingly important in politics in the future". This article develops this prophetic view of increasing public participation by following the development of the anti-fluoride campaigns.

newly-formed New Zealand Pure Water Association, whose aims are to "combat the pollution of natural water supplies and find alternatives to the practices that cause water pollution".

The New Zealand Anti-Fluoridation Society (President — Dove-Meyer Robinson) was the precursor to the Pure Water Association. It was flourishing 20 years ago, when Sir Dove-Meyer claimed in a Dunedin campaign that "fluoridation is the hottest

— as in the recent church and Rotunda — supply, all but a few who accept its presence, and that of the waterways substance, chlorine."

Supporters of the issue which would be payments into the fund. This approach was against the Health Department here in two ways. At the time of the campaign extra-legal documents were statements such as "work quietly," and "in

## BNZ Visa card fight for airline acceptance

by Warren Berryman

WIEN The Bank of New Zealand's Visa card came on the market last year it drew immediate flack from the Retailers' Federation and later from the Consumer's Institute and the Commerce Commission.

Visa is now fighting for acceptance from another group — the airlines. All the airlines have acted in concert to reject Visa's initial demand that they sign up for the service.

The airlines did not like the Bank of New Zealand's high-handed attitude. And they did not like the BNZ's commission rates — far higher than those charged for Visa card acceptors overseas.

Then the National Bank got into the act with its own Visa card and a sales approach that the airlines found far more acceptable.

The National Bank cut the commission rates demanded by the Government-owned BNZ nearly in half.

But the airlines are still not buying Visa card. There are still a few points to be negotiated.

When the BNZ went to British Airways a year ago, it demanded a commission rate of 2.75 per cent.

British Airways was happy to accept Visa cards, but not the BNZ Visa cards drawn on London's Barclay Bank. BNZ British Airways only 1 per cent commission.

Visa cards from the United States were charging only about 1.35 per cent commission.

So British Airways turned down the BNZ.

So did Singapore Airlines when the BNZ tried to charge it 3.5 per cent. And Pan Am kept the faith against the BNZ when it offered a 2.7 per cent commission.

Few individual travel agents accept Visa cards. To do so without the airlines' agreement to pick up the commission tab would mean that they would have to pay the BNZ out of their 8 per cent agents' commission.

Travel and entertainment cards like Diners Club and American Express have international arrangements with the airlines. When an agent accepts one of these cards the airline pays the commission.

This is the sort of arrangement the BNZ hoped to secure for Visa.

The banks are negotiating with the Travel Agents Association of New Zealand, TAANZ.

TAANZ members have been asked by their organisation not to enter into any agreement with the banks on an individual basis.

The National Bank got a bit further with the airlines.

Airline spokesmen

was because the Bank men approached salesmen and bureaucrats with a

And the National Bank undercut the BNZ commission rates to a

When first offered it was little more than a

Here Visa card's advantage over the

It is under the

While Visa is an attractive proposition

The airlines are not

The airlines are not

The airlines are not

The airlines are not

The airlines are not

The airlines are not

The airlines are not

The airlines are not

The airlines are not

The airlines are not

The airlines are not

## to shake the resolve of elected policy-makers

to avoid if possible public meetings and debates," were leaked to the press and were used by the anti-fluoride lobby to show that the health authorities were trying to fluoridate by stealth.

The cautious approach has allowed the opponents of fluoridation to take the initiative. They can bring the issue before the public, raise their own points, and sow doubts in the public mind, while making it seem that the Health Department and the local body involved are trying to enforce fluoridation by underhand means.

Mitchell's study showed, above all, the susceptibility of councillors in Dunedin to public opinion. After an initial

review of the arguments, the council approved fluoridation in principle, with no dissenting voice. But a by-election brought in J. A. Stead, a strong opponent of fluoridation, and feeling against fluoridation began to crystallise.

Eventually the five Labour councillors came out in favour of a referendum on the question. They were opposed, however, by the seven Citizens' Association candidates, and the mayor.

The motion for a referendum was lost. The flood of unfavourable reaction caused one councillor to change his mind, making the council evenly divided. But the Mayor still held the casting vote.

In the absence of a clearcut majority on the council, the decision was made to hold a referendum if requested by a petition signed by 10 per cent of the electors.

The Anti-Fluoridation Society collected the necessary number of signatures, and campaigned assiduously till the time of the poll.

Mitchell pointed out that the society's executive of six contained no one of great local pull. Its membership was probably small, and its financial resources unknown — yet it conducted a "masterly campaign".

Its propaganda placed its main emphasis on the right of the individual to reject compulsory medication. But it was also successful in convincing the public that fluoride was poisonous, and that there was strong opposition to fluoridation among doctors and scientists.

The latter line was reinforced by voluminous material

from opposition centres in the United States, and by countering every "pro" authority with an "anti" of their own the society propagated the view that there was serious division among scientists.

The line that fluoridation was part of the Communist plot was not pursued in Dunedin on a large scale — "it would keep the general public docile during a steady encroachment of Communism — keeping a store of deadly fluoride near the water reservoir would be advantageous during the time of the revolution as it would give the opportunity to dump this poison into the water supply."

What had been profitably pursued in America during the McCarthy era by the John Birch Society was, in Mitchell's words, "likely to prove perhaps puzzling in contemporary New Zealand".

A Children's Dental Health Association, with an impressive list of patrons, was formed too late to rally suf-

ficient support for fluoridation, despite the support of the Evening Star, which vigorously defended it in its editorials.

The Otago Daily Times, with a bigger circulation, advocated "letting the people decide", and its editorial and news content were consistently anti-fluoride.

The referendum was voted on at the local body elections, on November 21 1959. Just under half the people entitled to vote did so, and fluoride was decisively rejected.

Analysis showed a connection between voting Labour and voting against fluoridation.

A survey after the election showed the greater success achieved by the opponents of fluoridation in putting their views over to the public — perhaps because it "was more straightforward and easier to convey" than that of supporters of fluoridation with its scientific qualifications and reservations.

The opponents of fluoridation included a greater number of women and people over the age of 50 than the group who favoured it. Supporters were more likely to be the parents of young children who would benefit from the measure.

The "fors" also tended to have a higher level of educational attainment than the "antis".

Dunedin's water supply was eventually fluoridated in 1967.

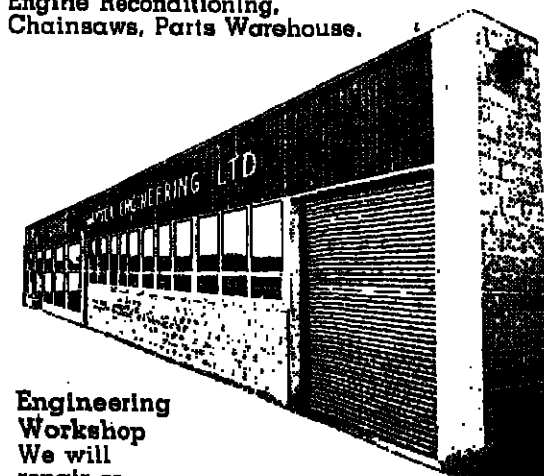
The most recent — Rotorua — has since reversed its decision.

The battle is not over, however. A New Zealand Medical Journal report last year described a submission by ratepayers to the Dunedin City Council demanding that fluoridation should stop because it caused cancer.

The council was informed by the District Medical Officer of Health and other authorities that the claim was groundless, and accepted the continuation of fluoride in the water supply.

## If it needs fixing... talk to us

Four Main Divisions —  
Engineering Workshop,  
Engine Reconditioning,  
Chainsaws, Parts Warehouse.



**Engineering Workshop**  
We will repair or manufacture almost anything from components of bus, truck, earthmoving machines, marine or industrial engines, specialised mover equipment or machinery. Parts can be repaired saving valuable downtime and overseas funds. We specialise in Fitting and Turning, Hardening, Grinding, Internal and External splining, automatic rebuilding of worn surface, welding (particularly cast iron such as cracked or broken castings or cylinder blocks) and electronic driveshaft building and balancing and truck wheel reconditioning.



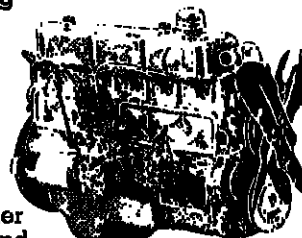
**Finance**  
Financial assistance available. For further information please write to:

**HAYTER ENGINEERING LIMITED**  
for better than new

Oruanui Street, TAUPU Phone 89,150

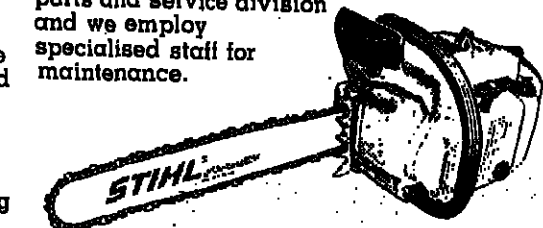
**Engine Reconditioning**

We have a heavy and light division and the heavy engines are reconditioned on the largest and most specialised equipment in New Zealand. The reconditioned engines are tested under simulated conditions and when they leave the factory they go straight into full work and the operator loses the minimum amount of downtime. We carry a range of popular exchange commercial vehicle engines, car and light commercial short blocks and car and light commercial vehicle engines, test run and tuned ready for installing. All engines are rebuilt to manufacturers original specifications and warranty.



**Chainsaws**

We stock the world's best commercial chainsaw (Stihl) and a comprehensive parts and service division and we employ specialised staff for maintenance.



**Parts Warehouse**

We maintain a full comprehensive motor parts warehouse, staffed by skilled warehousemen to supply the ever increasing demand by Garages and Commercial Operators.

We have a fleet of vehicles operating between Wellington and Auckland to convey the main bulk of business to and from our client's doors.

Also we operate a distribution point for N.Z. Industrial Gases Limited from a dangerous goods building, for the Taupo and Turangi area. We also stock a full range of welding equipment and materials.

## Minister queries cancer cure costs

by Belinda Gillespie

THE words were different but the time was the same when Health Minister George Gair spoke to Australasian radiologists the other day.

He questioned if the country could afford more high technology machinery for cancer treatment. And said that while the machines had undeniable benefits, "even if we could by some modern miracle eliminate all cancer causes, the average life span of New Zealanders would increase by about two years only."

There are signs that cancer specialists, among other medical luminaries, are listening, even if they are not exactly dancing to the Health Minister's tune.

At New Zealand's biggest and most prestigious cancer meeting in September, the Professor of Community Medicine at Wellington's Clinical School, Kenneth

Newell, will address oncologists on the question "Can New Zealand Afford High Cost Cancer Medicine?"

Gair will give the conference some more of his music in the opening address, but other sessions will be devoted to considering the continuing care of cancer patients, to the latest developments in the treatment of breast and other types of cancer, and to cancer research.

While most of the sessions will be essentially technical, Dr Derek Doyle, one of the 11 international experts who will be present at the conference, will probably arouse considerable public interest.

His special interest is cure of the dying, a field which is only just being recognised here, with the opening of "hospices" in some centres.

Four hundred health workers involved in cancer treatment and care are expected at the biennial conference.

## ACCOUNTANTS PAPUA NEW GUINEA

A major international firm of chartered accountants with offices in several PNG locations is seeking two qualified, experienced staff for their Port Moresby head office. Both positions are for minimum periods of two years and can lead to excellent longer term prospects within the firm internationally. The firm provides free accommodation, return air fares annually and substantial minimally taxed annual gratuity and other significant benefits.

## MANAGER — ACCOUNTING & TAXATION

Over \$NZ24,000, Free Accommodation, Gratuity, etc.

This senior position, responsible to a partner, offers a high degree of autonomy and responsibility for a wide range of clients with varied interests. It requires a professionally qualified accountant with at least five years' professional office experience and a strong background in accounting, taxation and secretarial work. A flexible mature outlook and a high degree of adaptability are essential. Age is likely to be late 20s to early 30s. Salary will be considerably in excess of the equivalent to \$NZ24,000 with a \$NZ2000 equivalent annual gratuity and other benefits.

## AUDIT SENIOR

\$NZ16,000 Equivalent, Free Accommodation, Gratuity, etc.

This position offers a wide range of audit work and extensive responsibility to a professionally qualified accountant with a minimum of three years' experience in an international or larger professional office and considerable familiarity with current audit techniques. Flexibility, maturity and adaptability are essential requirements. Age is likely to be mid 20s. Salary is negotiable but will probably be equivalent to around \$NZ16,000 with a \$NZ2000 equivalent annual gratuity and other benefits.

Enquiries to John Menzies, phone 256-7809 Auckland (evenings).

**LAMPEN ASSOCIATES LTD**  
Management Consultants

87 SHORTLAND STREET, AUCKLAND  
BOX 575, PHONE 785-550

## Announcing Cassette microfilming from Kodak



**Kodak microfilm**

**Kodak**

The nicest part about owning a new Recordak Reellant 550 microfilm is that more than one department can call it its own.

Because the 550 accepts handy, interchangeable, drop-in cassettes, several departments can now share the same microfilm. People just walk up to a centrally located 550, do their filming, then walk away with their documents. And their microfilm. Each department can maintain its own security and filing preferences, because each department has its own cassettes. Invest in a Recordak Reellant 550 microfilm that lets any number of people walk up, film, then walk away. Talk to your Kodak representative soon about the new 550.

To: Business Systems Markets Division,  
Kodak New Zealand Limited,  
P.O. Box 2108, Auckland.

Please arrange for a Technical Sales Representative to supply me with further information about Kodak microfilm.

NAME \_\_\_\_\_  
COMPANY \_\_\_\_\_  
ADDRESS \_\_\_\_\_



# Interest rates grow as money growth slows

Economics Correspondent

THE Reserve Bank is carrying out Muldoon's Budget threat to make things tougher for financial institutions. According to the Budget, tighter monetary policy is required to restrain growth in aggregate domestic expenditure over the coming year.

Muldoon's election-year expansion of the economy was poorly timed.

The increase in aggregate demand did not generate employment or a higher level of private output. Instead, it spurred on inflation to even greater heights.

Now his desire to control this inflation is throwing a spanner in the workings of one of Muldoon's better ideas, flexible interest rate policy.

With no controls, interest rates have rocketed. And recent efforts to control the growth in the money supply and the expansion of lending by financial institutions in order to bring domestic demand in line will cause interest rates to stay at their present high levels for some time.

Latest estimates by the Reserve Bank show that the money supply as broadly defined grew by nearly 20 per cent in June year 1979. The broadly defined money supply (M3) accounts for all currency, cheque accounts, savings and fixed deposits held by members of the public in trading banks and other financial institutions.

During the June year, total domestic credit (lending within New Zealand) is estimated to have grown by



THE ECONOMY

nearly 20 per cent as well. Private sector credit (domestic lending excluding lending to the Government sector) grew by over 29 per cent.

As Table A illustrates, growth in the money supply and domestic and private sector credit has been higher than this during the 1970s. But apparently the Government wants to put the lid on credit growth before it reaches 43 per cent, the previous high rate experienced in 1973.

The banks have been warned several times over the past year to curtail their lending. Recently, a credit growth guideline was set which stipulated that lending must be kept to between 8 and 12 per cent for this year.

This will be no easy task for the banks since domestic credit growth has not fallen below 14 per cent since 1972. Also, with inflation expected to reach record levels this year, banks are worried that their customers will need to borrow more just to meet their

requirements for current liquidity.

To show the banks that the Government really means business, reserve asset ratios for August have been set so that the allowance for banks' "free reserves" (free cash) has been cut from \$50 million to zero. Up until this year, banks were allowed to maintain "free reserves" of \$100 million.

Reserve asset ratios stipulate the proportion of deposits a financial institution is required to hold in cash, as deposits with the Reserve Bank or in Government securities. The financial system expands its business by lending as large a proportion of its deposits as is possible. The more it holds in reserve assets, the less it can lend.

Reserve asset ratios are set by the Reserve Bank to regulate growth in lending by the financial system.

Usually, the Reserve Bank simply tries to ensure that credit growth remains stable. The reserve asset ratios are changed only occasionally for most non-bank financial institutions because their deposits do not turn over as rapidly as do the deposits with the trading banks. There are monthly changes in the reserve asset ratios of the trading banks.

Two reserve asset ratios are set each month for trading banks. One covers chequing accounts (demand deposits) and the other covers savings accounts (time deposits). Chart B illustrates reserve asset ratios over the last 12 months for trading banks.

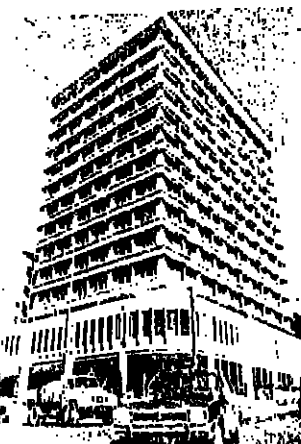
What is important to a bank's lending ability is not so much the absolute level of reserve assets the banking system holds at any given time, but the level of "free reserves". "Free reserves" are the reserves held by banks over and above the level required to meet the official reserve asset ratio requirements.

If reserve asset ratios were kept the same each month, the level of free reserves would alter for reasons unrelated with to the lending or the deposit policies adopted by the banks or to the policy intentions of the Reserve Bank authorities.

The main influences on the level of reserve assets of the banking system are government budget activities, Reserve Bank lending to the producer boards, and the public's demand for bank notes (dollars).

An injection of funds into the banking system (from export receipts or payouts to dairy farmers through the Dairy Board for example), will result initially in an increase in deposits or a decrease in lending if the money goes to pay off a loan. The cash deposited with the bank means that the banking system will also experience an increase in its reserve assets, if its other assets remain the same.

If there is a withdrawal of funds from the banking system, trading banks must dig into their reserve assets to make good a client's cheque in dollars or to lend dollars. In order to have the flexibility to meet increased withdrawals and satisfy the Reserve Bank at the same time, the bank



RESERVE BANK... watching the money grow.

Since reserve asset requirements were first introduced in June 1973, the reserve asset ratio relating to demand deposits has only twice been the same or lower than the requirement for time deposits. Since savings deposits tend to be held for longer terms, growth in lending can be regulated by a lower level of reserve assets.

This situation has changed recently with many trading banks offering attractive terms (1 per cent) for three-month time deposits.

Interestingly, although the Reserve Bank is attempting to tighten up on lending, the reserve asset requirement for demand deposits has been lower in the last four months than it was earlier this year. As Table B shows, in January 1979 the banks were required to keep 43 per cent of their deposits in reserve assets while in August they were required to keep only 32 per cent.

The size of the reserve asset ratio does not in itself give an indication of whether monetary policy has been eased or tightened. Ratios are changed monthly because the level of reserve assets that the banking system accumulates at any given time change markedly month by month as a result of seasonal influences.

What is important to a bank's lending ability is not so much the absolute level of reserve assets the banking system holds at any given time, but the level of "free reserves". "Free reserves" are the reserves held by banks over and above the level required to meet the official reserve asset ratio requirements.

If reserve asset ratios were kept the same each month, the level of free reserves would alter for reasons unrelated with to the lending or the deposit policies adopted by the banks or to the policy intentions of the Reserve Bank authorities.

The main influences on the level of reserve assets of the banking system are government budget activities, Reserve Bank lending to the producer boards, and the public's demand for bank notes (dollars).

An injection of funds into the banking system (from export receipts or payouts to dairy farmers through the Dairy Board for example), will result initially in an increase in deposits or a decrease in lending if the money goes to pay off a loan. The cash deposited with the bank means that the banking system will also experience an increase in its reserve assets, if its other assets remain the same.

If there is a withdrawal of funds from the banking system, trading banks must dig into their reserve assets to make good a client's cheque in dollars or to lend dollars. In order to have the flexibility to meet increased withdrawals and satisfy the Reserve Bank at the same time, the bank

must have some "free reserves" or reserve assets over and above its reserve asset requirement.

When a bank does not have any free reserves, it is forced to borrow from the Reserve Bank at penalty rates.

Export receipts are expected to fall in the September quarter, according to the New Zealand Institute of Economic Research. This is one reason why the Reserve Bank did not have to raise its reserve asset ratio above 42 in August in order to cut bank's free reserves to zero.

In practice, the reserve asset ratio requirements have not previously controlled domestic credit expansion as much as the government would like. Things have come to a head recently when other monetary measures have failed to slow down the growth in private sector credit.

Furthermore, despite fairly rapid growth in the money supply, interest rates have not fallen but have continued to rise.

Now, rather than accommodating the banks by

Table A: Money Supply Growth and Growth Total Domestic Credit (Annual Percentage Changes)

Year Ended December	CREDIT GROWTH			
	Money Supply (M3)	Government Sector	Private Sector	Total
1970	9	4	19	11
1971	7	2	10	6
1972	16	13	15	15
1973	26	12	43	27
1974	4	6	22	11
1975	10	22	11	14
1976	17	15	24	19
1977	13	11	19	14
1978	21	n.a.	26	24
1979 [June Year]	20	n.a.	29	25

Table B: Reserve Asset Ratios the last 12 months

Year	Month	RESERVE ASSET REQUIREMENT		
		Demand Deposit	Time Deposit	Total
1978	Aug	17	15	16
	Sept	13	11	12
	Oct	11	11	11
	Nov	11	11	11
1979	Dec	51	11	31
	Jan	51	11	31
	Feb	39	11	25
	Mar	32	11	22
	Apr	31	11	21
	May	20	11	16
	June	27	11	19
	July	32	11	22
	Aug	32	11	22

## YOUR OWN QUEENSTOWN TOWNHOUSE

FOR ONLY \$1,150 to \$3,450



How! You own one of the best investment opportunities in New Zealand today. 10 years at less than 10% interest. Capital growth potential. Write for our free HOLIDAY TIMEPLAN brochure to:

TO: TURNER HEIGHTS TOWNHOUSES LTD  
P.O. BOX 1104 CHRISTCHURCH

Please forward a free HOLIDAY TIMEPLAN brochure to:

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

OCCUPATION \_\_\_\_\_

# US 'energy corporation' falters on arithmetic

by Michael Hirschfield

THE price of petrol went up the other day, in oil-shale-rich Colorado. It's now 22 cents a litre, although one must admit that this is all self-service.

But most of the local worries following President Carter's three energy speeches relate to the loss of agricultural land and the fact that restaurants can't lower the temperature below 26 degrees.

The consequences of America's energy efforts in the next decade are likely to be a good deal more serious for the rest of the oil-dependent world.

To Americans in the know, there were several signals of the reassessment to come, days before Carter announced the cancellation of his first scheduled energy speech.

The retreat to Camp David was followed by the flying in of trusted advisers and thinkers from their early summer holiday homes in the mountains. These who arrived in the first few days found Carter "gaunt" and spoke of the "spirit pushing the flesh".

His ability to contemplate the problems which go much deeper than the immediate energy crisis had been eroded by the "tyranny of events" which is the fate of all US Presidents.

Carter's initiative in breaking away from routine was no isolationist spell spent only with his court flatterers.

Apart from his own abysmal standing in the polls, there was a new shock to the American psyche. For the first time ever the polls recorded the fact that a majority of Americans believed that the next five years would be worse than the previous five.

Add to this a calamitous decline in faith in all significant American institutions, and the cause for the massive insecurity becomes clearer.

Carter apparently asked for — and took — open comment, and was psychologically open to a wide range of people.

So after all this advice, thought and decision, what direction is America taking? The most obvious international reaction to the plans announced after the Camp David retreat has been seen in the fall in the value of the American dollar.

But the facts influencing this negative reaction have been largely hidden by the dramatic nature of the Cabinet changes that immediately followed the third of Carter's energy speeches. Internally the purges (more reminiscent of "Claudius" than modern democratic America), clouded the energy debate, and stopped many of the facts less than favourable to Carter's plans from getting a full public airing.

The first problem is that the plan as announced, commits America to finding ways of applying the energy she is used to — twice the amount per

capita used by any other nation.

The alternative course of aiming to retain standards of living but using a significantly reduced energy base which is technically feasible, has been ignored.

Interestingly, this theme has just been taken up by the non-presidential candidate, Edward Kennedy, in his own energy alternatives.

From the President, there has been no mention of federal housing standards from which, by 1990, improved design of new buildings and modification of old ones could save a third of our current total national energy use and save money, too, according to Amory Lovins, a young energy expert.

But much worse is to come in the analysis of what has been set in motion.

First, there is real doubt that Carter's dramatic announcement that the United States would import a maximum of 2.5mbd, from the date of his speech, was a significant target for anyone. Oil company experts pointed out that, in their efforts to make up for the Iranian shortfall in the beginning of the year, so much was already under way that the requirement for the rest of the year is only 7.5mbd, at the most.

Thus the call to exercise restraint, could lead to stores by the end of the year of a new and growing surplus.

Each time this happens, the fragile sense of an energy crisis, becomes harder to resurrect. Interestingly, the oil companies also think that with the now accepted recession the annual oil import requirement in 1981 will not exceed 7.5mbd.

So Americans are not likely to feel the crisis too strongly, at least in its initial stages. What is more probable, though, is that it will feed inflation, not once, but twice: first just domestically, but internationally.

First, no one is confident that the projected price of the new forms of oil from shale and coal, will really be at the level of \$25.30 a barrel. Given the fact that a production price of twice the quoted figures is possible, the basic reality is that each dollar above the existing Opec price, will be fully reflected as a minimum in new Opec prices.

As the whole scheme is designed to cater for existing levels of America consumption, it guarantees the continuing high levels of energy demand, from a world that all the oil companies now concede has passed its peak in new or potential oil discoveries.

The likely boost to international energy prices is not the only problem we have to worry about. A well-known adage has it that when America sneezes, the world catches cold. So if inflation, far from being brought under

control in the United States, worsens, the impact will be felt world-wide.

Probably the most worrying point about the whole energy plan relates to the potential for the further generation of internal United States inflation.

President Carter announced an expenditure programme of \$140 billion for the next decade, to tackle the energy crisis. Most of this was to go towards the costs of providing new domestic sources of energy, with significant but smaller amounts allocated to boosting urban public transport services, to helping the poor cope with energy consequent problems, and other matters.

This money would all be raised from the "excess profits tax" now imposed on "the oil companies."

If this windfall can be raised from the "windfall tax", then life for the Carter administration will be easy. But no one in the Carter administration has yet said how the arithmetic substantiating



EDWARD KENNEDY... advocates the alternative energy course.



JIMMY CARTER... psychologically open to a wide range of comment.

the \$140 billion dollars was worked out.

What is worrying is the fact that oil company estimates of the yield from the tax range from \$4 billion dollars to a maximum of \$3 billion, a year, or a maximum yield of \$50 billion dollars.

Now President Carter has announced that he will try to raise \$5 billion from the public for his "energy corporation," but taking the best possible figures this leaves a deficit of \$5 billion which suggests that the plans are not thoroughly formulated.

From where will this not insignificant sum be drawn? And what impact will it have on domestic inflation?

From here the questions start, and the absence of hard or realistic answers could herald a real worsening of the general energy and economic outlook.

## The perfect gift to send overseas.

New Zealand

# Honey

N.Z. Honey Marketing Authority  
P.O. Box 241, Auckland 1  
Please send gift pack of New Zealand Honey to:

Additional names, addresses etc. should be noted on separate sheet and attached to this coupon

From \_\_\_\_\_  
Donor's name and address \_\_\_\_\_  
I enclose my cheque/postal order for \_\_\_\_\_  
\$10.00 USA/Canada, Australia, Pacific Islands  
\$12.00 United Kingdom, Ireland, Japan  
\$13.50 Europe  
For all other areas prices on application  
Total enclosed \$ \_\_\_\_\_  
Signed \_\_\_\_\_  
Date \_\_\_\_\_  
Please send a receipt in acknowledgement of order

Honey from New Zealand is the best there is. Carefully selected for quality, of flavour. A pure natural product known and appreciated throughout the world. A perfect gift for anybody, anywhere, anytime we mail honey overseas right through the year. Order Now. Christmas Malls Close Soon. Orders must be received by Sept 15 to ensure Christmas delivery. Fill in the coupon and send it off today. It's the easiest Christmas shopping you'll ever do!

Attractive gift pack containing 2kg finest New Zealand Clover Honey. Prices (New Zealand Currency): \$10.00 USA/Canada, Australia, Pacific Islands \$12.00 United Kingdom, Ireland, Japan \$13.50 Europe. For all other areas prices on application. The above prices include packaging and first class postage.



SHAW SAVILL  
**Caravel**

Caravel Hotel,  
Fenton St, Rotorua.  
Telex NZ2656